**EUROPE'S BUSINESS NEWSPAPER** 

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# NEWS SUMMARY

## GENERAL

# **UK** bars three Nigerian profits diplomats up 10%

Britain ordered the expulsion of two Nigerian diplomats and said the country's top diplomatic representative. Major-General Haldu

Commission in London seemed im-plicated in the abduction of Alhaji Umaru Dikko, prominent opposi-

Lagos refused to allow interrogation of any of its diplomats, so Britain ordered two, counsellor Peter Oyedele and attaché Okon Edet, to leave the country.

## **UK refund cleared**

European Parliament budget committee approved a refund of \$600m to Britain on its 1983 EEC budget contribution, ending a long wrangle over timing of the rebate. Page 2

#### Pickets close roads

Coachloads of striking Spanish shipyard workers sealed off roads in the North-western region of Galicia in a one-day strike over restructuring in the shipbuilding industry.

Page 2

#### Longo resigns

Italian Budget Minister Pietro Longo, implicitly linked by a parliamentary report to the illegal P-2 masonic lodge, resigned. Page 2

# Andriessen backed

Dutch Government nominated former finance minister Frans An-Thorn as EEC Commission president.

# **Uister violence flares**

Ulster youths petrol-bombed police in Londonderry as Protestant Orangemen marched through the city to commemorate the Battle of

# Paris bombing

A bomb exploded in a building in Paris housing the Atlantic Institute, an independent Western "think tank" on international policy affairs. It caused extensive damage but no casualties.

# Durban blast

Four people were killed and 21 injured when a bomb exploded in an industrial suburb of Durban, South

# Shorter week

Belgium's employers and trade unions agreed to cut 36 minutes from the 40-hour working week without loss of pay in each of the next two years to combat unem-

Drug troops sacked Seven British Rhine Army soldiers were dismissed from the service and given periods of detention after

pleading guilty to possessing drugs.

# China breakages

Poor packaging costs China S5bn a year in broken or damaged products, including \$50m in smashed

# Five-car families

tio in the world.

NG

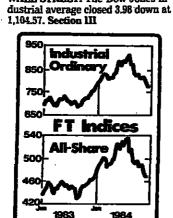
There are nearly five cars to a family in Saudi Arabia's commercial capital, Jeddah, the highest such ra-

# BUSINESS

# Chemical Bank

CHEMICAL BANK, the sixth largest U.S. bank reported a 10 per cent increase in second-quarter net earnings to \$76.78m. Meanwhile, return from Lagos.

Foreign Secretary Sir Geoffrey
Howe told the House of Commons that members of the Nigorian Util WALL STREET: The Dow Jones in-



DOLLAR closed at a 10%-year high against the D-Mark in London of DM 2.848 (DM 2.8405). It also improved to FFr 8.735 (FFr 8.71), SwFr 2.408 (SwFr 2.4005) and Y242.6 (Y242.1). On Bank of England figures, its trade-weighted index rose to a record 136.8 from 136.5. In New York it closed at DM 2.854, FFr 8.7615, SwFr 2.416 and Y242.6.

STERLING weakened in London to \$1.307 (\$1.314), DM 3.7225 (DM 3.74), FFr 11.415 (FFr 11.465), SwFr 3.1475 (SwFr 3.16) and Y317.25 (Y318.75). Its trade-weighted index was firmer at 77.7 from 77.6. In New driessen, currently EEC competi-York it closed at \$1.3075. Page 42 tion commissioner, to succeed Gas- GOLD rose 50 cents on the London proved in Zurich to \$341.75 (\$340.75) and was fixed in Frankfurt at \$340.72 (\$337.22). In New York, the Comex July settlement was \$338.

> TOKYO stocks retreated, with the Nikkei-Dow market average 84.72 off at 10,270.16. Section III

> LONDON gilts steadied but equities suffered further selling. The FT Industrial Ordinary index shed 10.9 to 771.1. Section III

HONG KONG stock market regained stability after sharp slides. The Hang Seng index firmed 0.17 to 763.78. Section III U.S. MONEY SUPPLY: M1 fell

\$1.6bn in the week ending July 2. UNITED TECHNOLOGIES, diversified U.S. industrial group, lifted second-quarter net earnings by 20.7 per cent to \$168.99m and sales by

12.5 per cent to \$4.18bn. HONDA Motor of Japan said improved sales and margins helped to boost its first-quarter group net earnings by 38 per cent to Y28.475bn (S118m). Page 22

ABN, the largest Dutch commercial bank, expects a fall in first-half profits because of reduced interestrate margins and slow growth in demand for credit. Page 23

WESTINGHOUSE Electric, the U.S. industrial and broadcasting group, lifted its second-quarter profits by 33 per cent to \$128m after a recovery in sales of capital goods and services to the construction and utility markets. Page 21

VOLKSWAGEN, the West German motor group, said the metalwork-ers' strike cost it production of 160,000 vehicles and DM 2.8bn in sales revenue, and would reduce its after-tax result by DM 500m this year. Page 23

Production difficulties in London may have resulted in typographical errors in unit trusts, some advertisements and elsewhere in today's

# Mondale takes White House gamble with Ferraro

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

MR WALTER MONDALE yesterday took a historic political gamble by dramatically announcing the choice of Ms Geraldine Ferraro, a three-term Congresswoman from New York, as his vice-presidential running mate for November's U.S. elections.

By selecting the 48-year-old, Roman Catholic Ms Ferraro, Mr Mondale launched the Democrats into uncharted and potentially dangerous waters. In two centuries of U.S. presidential politics, no woman has ever been nominated for the White House by a main political party.

Mr Mondale announced what he

called "this exciting choice" to tumultuous applause in the chamber of the Minnesota state legislature, where he first declared his own quest for the presidency a year and

dential nomination at next week's Democratic convention in San Francisco, Mr Mondale said he had "looked for the best vice-president and found her." Foreshadowing on the ticket, with many of them what seems bound to be a chief warning that it might prove highly Mondale said his choice meant that

"America is not just for some of us."

city is in the air." Her first contacts with party colleagues had assured her that her nomination was being hailed with "excitement, a sense of new possibilities and pride," she a woman.

Women's leaders yesterday praised Mr Mondale's "inspiring" move as opening a new chapter in

the Democrats.

The fact remains, however, that political experts are deeply divided over the likely impact of a woman theme of his autumn campaign, Mr unpopular with conservative southern and blue-collar voters.

An opinion poll released yester-An ecstatic Ms Ferraro told wild-lay suggested that Senator Gary ly cheering supporters that "electri-Hart of Colorado, who has still not officially conceded defeat in his own bid for the presidential nomination, would have been a stronger running mate for Mr Mondale than

> There was also good news for Mr Mondale in the ABC-Washington Post poll, which showed him trailing President Ronald Reagan by on-ly 7 percentage points, 51 to 44 per

**British** 

economy

'will not

be hurt'

Political Editor, in London

THE RECENT rise in UK interest rates would not last for long and would not seriously damage the

British economy, Mr Nigel Lawson,

the Chancellor of the Exchequer,

told the House of Commons yester-

Both he and Mrs Margaret Minister,

Thatcher, the Prime Minister,

blamed the latest financial events

on pressures caused by the strikes in the mines and docks, and on high

Mr Lawson said he saw nothing

in the domestic monetary situation

to justify a sustained period of in-

terest rates at their present level."

He had little doubt that when the

markets were able to take a dispas-

sionate view, there would be "a re-

By Peter Riddell,

U.S. interest rates.

Now assured of the official presidence of women voters to cent, against 15 points or more two daughter of an Italian immigrant weeks ago. Mr Mondale's immediate prob-

lem will be to fend off accusations that he chose Ms Ferraro simply because she was a woman, after mounting pressure from the country's powerful feminist movement. Women's leaders had threatened to nominate their own vice-presidential candidate from the convention floor if Mr Mondale did not

Yesterday's poll gave Mr Reagan a 54 per cent approval rating, well down from his peak of 63 per cent after last October's U.S. invasion of Grenada. Nevertheless, 66 per cent of those polled said they thought Mr Reagan would win in November, with only 28 per cent predicting

a Mondale victory.
Mr Mondale said Ms Ferraro, the

BY OUR FOREIGN STAFF

WORLD STEEL producers, led by

the EEC, expressed sharp criticism yesterday of the U.S. International

Trade Commission's (ITC) propos-

als to boost tariffs and tighten quo-

tas on a variety of carbon steel im-

The European Commission said it

regretted the decision and that the

ITC had not taken account of argu-

ments advanced by the Commis-

Those arguments centre on the

analysis that imports are not the cause of the U.S. steel industry's

difficulties. The EEC, after long and

difficult negotiations, worked out

that protection against imports is

necessary, steps should be taken

against those countries which have

been trading unfairly, not against

tions.

had risen to the top on her own merit in an embodiment of "the classic American dream." She had a strong family life, deep religious convictions, and would fight for working Americans with average

incomes, he said. Ms Ferraro said that although she believed in "strong, sensible de fence," she adamantly opposed "reckless adventures in Latin America" – a reference to Mr Reagan's Central American policies. She called for talks to "stop the nuclear arms race before it destroys us all."

She believed that most Americans shared the concerns of her own constituents over social security, health care, the ravages of unemployment and the overall future of the country.

Ready to face the challenge, Page 4

Japan's steel exports to the U.S.

last year were 4.6m tonnes, the low-est level for 15 years, and were to

be compared with shipments of 6m

to 7m tons before 1981, the Japa-

nese Iron and Steel Exports Asso-

ciation said. Mr Kishichiro Amaye, of the Jap-

Mr Kisnichiro Amaye, of the Jap-anese Foreign Ministry, said that adoption of the proposals would be a "deplorable thing" and would have a "great impact" on Japan. In Brazil, the Government said it

had expected tough measures, but was clearly surprised by the severi-

ty of the Commission's recommen-

Steel producers

criticise U.S.

import plan

# **Mitterrand** concedes broader use of referendum

By Paul Betts in Paris

PRESIDENT François Mitterrand announced last night a proposal to revise the French Constitution to broaden the use of the referendum in important issues involving the civil liberties of French citizens.

The French President also said the Socialist Government would submit to parliament a new Bill on the controversial issue of the reform of private education in France which is currently splitting the en-

tire country.

The two moves represent a substantial concession on the part of the President to the right-wing opposition which has increased its at-tacks on the Government with a feverish crescendo since the big setback of the French Left in the European Parliament elections last

President Mitterrand took the country by surprise during his short address, broadcast nation-wide, last night. His formal address

was announced late on Wednesday evening after his return from Jor-dan and Egypt.

By agreeing to amend the Consti-tution to enable a referendum to be held on givil liberty income. Prociheld on civil liberty issues, President Mitterrand appears to have bowed to growing public opposition to the Government's controversial reform of private education in

The French Senate, in which the opposition has a comfortable majority, had demanded a referendum on the private school issue. It was rejected by the National Assembly. the lower house, which is equally comfortably held by the Socialists,

on constitutional grounds.
Under Article 11 of the Constitution, a referendum may only be held in France on issues related to the organisation of the state and the public powers and on the ratification of certain international trea-

President Mitterrand has asked both houses to consider pext week a revision of this article to allow a refue oi civil and du liberties. If the houses approve, the revision will itself be put to a refer-

By agreeing to change the consti-tution and expressing his support for the referendum procedure in cases of civil liberties, President Miterrand is clearly trying to recover for the Left its image as a cham-pion of civil liberties. Indeed, the Right has increasingly appeared to score political points by campaigning on the issue.

# American history and likely to Bundesbank holds rates as \$ soars

BY PHILIP STEPHENS IN LONDON

THE DOLLAR continued to surge on foreign exchange markets yesterday, reaching a new record against the French franc and a 10year high against the D-Mark, but West Germany decided against following Britain's lead in raising in-

The West German Bundesbank, which has been intervening daily to slow the dollar's rise, announced that it was leaving its key Lombard and discount rates unchanged at 5.5 and 4.5 per cent.

The 2-point rise in Britain's base lending rates to 12 per cent on Wednesday had prompted speculation that the West German authorities might also increase rates.

But the decision to hold present

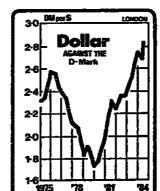
levels reflects the Bundesbank's confidence that the inflationary impact of the rising dollar is being offset by lower world commodity tary conditions.

West German officials said they

remained concerned by the dollar's strength, but the impact on infla-tion has been much less than they feared, while it is continuing to boost exports. The dollar, buoyed by the expec-tation that the U.S. Federal Re-

serve's Open Market Committee would tighten credit next week, closed in London at DM 2.8480, its highest level since January 1974, and 0.75 pfennigs up on the day. It rose further in New York to trade at over DM 2.85 at midday.

Against sterling, the U.S. currency closed at \$1.3070, up from \$1.3140, while it rose to a record



high of FFr 8.7350 against the Dealers predicted further gains

their next target. The U.S. currency's rise has been slowed, however, by fears of concerted intervention by European central banks.

The banks, led by the Bundesbank have made what one senior central banker said last night were "substantial" dollar sales over the last week. The Bundesbank's interventions

at the official fixings and in the open market are being supplement-ed by dollar sales against D-Marks by the Bank of France and other central banks. France and other countries in the

European Monetary System have Continued on Page 20 Familiar old sterling crisis, Page 10; Lex, Page 20; Money markets, Page 43; Stock markets, Section III

sumption of the trend towards lower interest rates." There was little overt criticism for the dollar in coming days, with the markets looking to DM 2.90 as from Conservative Members of Parliament, who, while worried by

> Mr Lawson played down the impact on the economy of the rise in interest rates because industrial profits and liquidity had improved

considerably so that companies were now much less vulnerable to such increases. He said that the rise in rates reflected "short term fluctuations which could not be avoided."

Mr Lawson said that the UK had been able to hold its interest rates well below those in the U.S. for some time. It was not possible to sustain such decoupling when industrial unrest at home temporarily

unsettled markets. Continued on Page 20

# Thorn to buy 76% of Inmos

BY GUY DE JONQUIERES IN LONDON

ment and electronics group, is to ment. The Inmos board considered pay £95m (\$123.5m) for the UK Gov-Thorn an "ideal partner."

the deal would ensure Inmos con- the back of the continued boom in tinued to transfer its technology world chip demand. from the U.S. to the UK and made it available to British industry.

World culp demand.

Thorn plans to offer lnmos' founders and staff, who own 24 per

since it was set up in 1978. Thorn had assured the Govern-

THORN EMI, the British entertain- goals of the company's manage-

turer, under an agreement in princtuple announced yesterday.

The cash offer, which follows months of uncertainty about the futer the futer forms and the follows apply Inmost technology to its own guaranteed by the British ture ownership of Inmos, was welty to invest in a growth company
comed by Mr Norman Tebbit, the with potential to earn large profits. UK Trade and Industry Secretary, Inmos made a small profit in the who said it met the Government's fourth quarter of last year after six long-standing objective of a sale to years of losses. It expects to make a the private sector. years of losses. It expects to make a profit this year of as much as £15m He told the House of Commons on turnover of more than £100m, on

The offer valued the whole of In- cent of the company, the option of mos at £125m, and represented a selling their shares now for about fair return on the £65m government £30m or to hold on for four years investment in the company's equity and receive a higher price if profits perform well

Thorn said it expected to conment it intended to develop Inmos's clude the agreement in a few weeks graph. worldwide business in line with the after settling a number of complex

legal details related to Inmos' shareholding structure. It had not yet decided how to finance the deal. pay 1930 (\$123.3m) for the Ok Gov-ernment's 76 per cent shareholding Mr Peter Laister, Thorn's chair-in Inmos, the microchip manufact me deal.

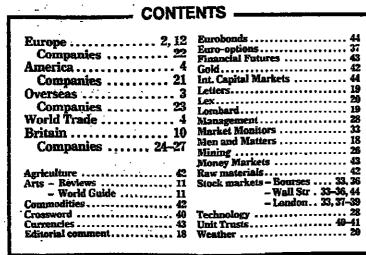
The agreement includes the transfer of about £35m of liabilities

> Mr Laister was confident Thorn could fund Inmos' own investment plans, which call for spending of about £60m in the next three years. Inmos expected to be able to finance much of this itself, on the basis of its recent performance.

Thorn EMI is the only British posal to invest in lnmos. It made its first approach about a month ago, when it offered about £10m for a stake of just less than 10 per cent.

Its approach was warmly welcomed by the Inmos board, which was resisting a £58m offer from American Telephone and Tele-

Lex, Page 20



U.S.: Ms Ferraro joins the Lex: Inmos; Rank; Imperial Mondale ticket ....... 4 Group; markets ...... 20 France: Superphénix role Management: good life lures provokes controversy .... 12 an expatriate .......... 28 Editorial comment: U.S. pro- Technology: micro-software tectionism; Lloyd's ...... 18 worldwide trends ....... 28 Britain: a dock strike just Wales: waiting to happen ...... 18 Survey ....... 5-8 Britain: Midland's battle to Executive cars: 

#### an agreement controlling Community steel shipments to the U.S. Brussels officials noted that, be-Sr Tarcisio Marciano da Rocha, a senior official at the Finance Ministry, said the measure "is unjustifi-able, from any point of view; cause of that agreement, EEC sales in the U.S. last year were 27 per whether economic, technical or political." He said it was clearly a procent down on 1982. The Commission tempered its tectionist step and represented a "glaring inconsistency" with the views about any retaliatory reacdevelopments, are generally willing to wait and see what happens over tration still has 60 days in which to U.S. proposals for a new round of world trade negotiations. Brazilian officials say they are react to the ITC's recommendaobserving the voluntary restraint of steel exports to the U.S. announced Japanese steel industry represenendum in September. tatives amplified the EEC view, unilaterally earlier in the year, even though U.S. companies have not responded, as had been hoped, claiming that the U.S. industry was in trouble because of declining doby withdrawing their anti-dumping mestic demand, not because of unfair competition from imports. and anti-subsidy suits against Bra-Nippon Steel said: "If it is judged zilian steel products.

might be a factor.

# IS YOUR PROPERTY

South Korean steel executives

said they were especially worried because this was a U.S. election

year and political considerations

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# **MEPs** remove final bar to Britain's refund

yesterday, ending a long wrangle in the EEC over when Britain should receive a refund of £457m from its contribution

of £457m from its contribution to the 1983 Community budget. The Parliament's budget committee has approved the transfer of the funds from the reserve section of the 1984 budget to the operational section, so that the European Commission may now write a cheque for Whitehall.

The budget committee agreed this unanimously with two abstentions, those of Herr Erwin Langer, a West German Socialist and Mme Christiane Scrivener, a French Liberal, respectively the chairman and repporteur of the committee.

Funds cannot be transferred

Funds cannot be transferred from one section to another of the budget in this fashion withthe budget in this fashion without the committee's approval.
Relief at the decision was
obvious among the British
Government. An official spokesman spoke of "considerable
satisfaction that the way is now
clear for the money to be paid."
Lord Douro, the Conservative
MEPs' budget spokesman said:
"I can't tell you how relieved
I am."

This left the final word with
Parliament's budget committee
which acted yesterday on the
basis that the results of last
month's Fontainbleau summit
were enough for an EEC re-

The EEC summit at Stuttgart launch.

MRS MARGARET THATCHER in June 1983 agreed that both will get her money back, the European Parliament decided only net contributors to the budget, should receive refunds for 1983—a total of Ecu 1.2bn, of which the British share was

> But in the aftermath both France and Italy argued that the refund was contingent on Britain agreeing to an increase in the size of the EEC budget. They blocked the technical regulations, needing unanimous approval to make the payment possible.

Last December, Parliament decided that it would in any case block the payment, by put-ting it in the 1984 budget's reserve section, in effect because the UK did not appear very Community-minded.

Although Britain agreed to an increase in the budget at the Brussels summit last month, the passing of the technical regulations for the payment re-

were enough for an EEC re-

# Belgium's debt looms over budget wrangle

BY OUR BRUSSELS STAFF

BELGIUM'S rising public debt are running at historically high BELGIUM'S rising public debt overshadows the complex political negotiations into which the centre-right coalition Government is moving over the main lines of the 1985 budget. The debt will be swollen this year debt, zero in 1975, had spiralled to BFr 824bn by the end of last year and had climbed to by the effects of a public sector financial deficit originally estimated a further selling. mated at BFrs 507bn (£6.7bn).

Figures presented to the cabinet of Mr Wilfried Martens, the Prime Minister, by Mr Philippe Maystadt, the Budget Minister, show that on the basis of unchanged policies and a 6 per cent inflation rate, public spending next year will rise to

BFr 1,750.6bn.
The figure includes no less than BFr 463bn, about 25 per cent, in interest charges to service the debt. That will be BFr 91bn more than this year, Mr Maystadt said in a news-

With a hint of the flavour of the political arguments to come, Mr Maystadt related the charges to the BFr 105bn savings expected to be made next year as a result of a Government austerity package last March.

Would even those who are

conscious of the necessity for austerity, he asked, he able to accept that a large part of the pay extra interest to the banks? Making it clear that an inindividual taxation is out of the question, he sent a flutter of uncertainty through the financial institutions with the suggestion that they might help rather more out of their

interest charges.

To some extent, of course, the Government is the master of which domestic interest rates, which GNP.

loan of \$300m at a floating rate of interest.

Of the total, roughly 35 per cent is denominated in dollars, with a large part of the balance in D-Marks, guilders and Swiss

The high level of U.S. interest rates is increasing the cost of dollar borrowings, only a small portion of which are at a fixed rate. In the Government, how-ever there is some hope that the higher costs can be absorbed without affecting the outcome of the total spending deficit.

In the first half of the year the deficit was slightly smaller than expected, so there is some slack, Next year it is expected that a slowdown in the U.S. economy will bring lower interest rates with it.

This is a minor blessing—if

the calculation is right—for a Government which this year is coping with a net financial deficit equivalent to 11.5 per cent of gives national product, down from 13 per cent in 1982. Its policy is to keep the growth in public spending lower than the rate of inflation. Mr Maystadt's calculations suggest this should be achieved next year with a real growth of spending of 4.6 per cent, if the

debt charges are excluded.

Total public debt will this year pass BFr 4,000bn, a figure which equals 96 per cent of

In foreign currencies

# 1,804 2,051 2,443 153

THE GROWING DEBT BURDEN

In BFr

# Bonn and Paris signal end of cross-border checks

BY RUPERT CORNWELL IN BONN

WEST GERMANY and France Community, contains no items will today formally sign their liable for duty, and carries only much trumpeted agreement to citizens of EEC member states. remove cross-frontier checks betwen the two countries by the

Under an accord initialled here this week by a working group of officials from Paris and Bonn, the existing system of controls—which in fact often amount to little more than a lazy wave-through by a cus-toms officer-will be removed

only visual checks, with random spot controls in cases of

Drivers will qualify for such treatment by displaying in their windscreens a small green disc. embossed with a big white issued by motoring associations. • The protracted dispute in

As a second step, single joint frontier checkpoints will be brought in, with the ultimate goal of removing all formal controls in both personal and goods traffic by December 1986. The West Germans, who see the scheme as a big symbolic gesture towards the creation of a less bureaucratic "citizens' lazy wave-through by a customs officer—will be removed in three stages.

The first, to come into effect been held in Aachen between later this month, will involve the complexity of the complex

representatives to this end. Less appealing, however, is the prospect that the floodgates may be opened to an even bigger traffic in terrorists, drugs and illegal immigrants from the Third World than is already the case.

The disc will signify that the the West German print industry car is licensed in the European is now officially over. A comfortable 61 per cent majority of members of the IG Druck FINANCIAL TIMES. USPS No. 190640, published deily except Sundays and holidays. U.S. subscription rates \$220,00 per annum. Second class postage paid at New York NY and at additional menting offices. POST-MASTER: send address changes to: FINANCIAL TIMES, 14 East 60th Street, New York NY 40022.

Of members of the IG Druck print union yesterday voted to accept the deal worked out by union and management last weekend. As in the seven-week engineering strike, this provides for a 38.5 hour working week.

# Italian minister quits over P-2 link

ROME—Sig Pietro Longo, Italy's budget minister, impli-citly linked by a parliamentary report to the illegal P-2 masonic lodge, resigned yesterday, the Italian news agency Ansa said.

Sig Longo, leader of the Social Democratic Party which Social Democratic Party which forms a small but vital part of the five-party coalition government, gave his notice to Prime Minister Bettino Craxi.

Ansa said Sig Craxi had accepted the resignation and would assume the responsibilities of budget minister for an interim period.

interin period.

After meeting Sig Craxi. Sig Longo told reporters: "I have done what I had to do in the face of a situation which otherwise could have gone to pieces with very serious risks for our institutions."

institutions.
"Today, I feel more free not just for myself but for all those who could be swept away by this infernal machine of

suspicion."
Sig Longo added: "I also feel much stronger, as secretary of my party, in my support for the Government at a difficult time." Political commentators said Sig Longo's resignation removed the greatest obstacle to the 11-month-old Government's

Staying in office.

Sig Longo, 48, had been under heavy political fire for a year after his name appeared on a list of members of the P-2 lodge found in the villa of its fugitive grand master, Sig Licio Gelli.
On Tuesday, an all-party investigating commission approved by 34 votes to four a report by Christian Democratic Deputy Tina Anselmi describing the list as authoritic and the list as authentic and credible. Sig Longo has denied belonging to P-2.

Reuter

# Poland accuses Paris Club of slowing talks By Christopher Bobinski in

MR STANISLAW NIECKARZ, Poland's Finance Minister, has accused the Paris Club of Western creditor nations of slowing down talks on rescheduling Polish debt payments to Western governments which fell due between 1982 and

Originally the Poles were expected to meet twice in July with the 17 nations to whom Poland owes \$15.2bn (£11.7bn) overall, but after the first meeting on July 6 the second meet-ing was postponed until ing was postponed until September. Mr Nieckarz implied at a

press conference in Warsaw that the Paris Club had gone back on an agreement with the Poles. Under this Warsaw agreed to pay 20 per cent of the \$430m worth of debt outstand-ing from 1981 on the understanding that the talks would then go more smoothly. At the end of May Poland indeed paid \$80m to all of the 17 nations apart from the U.S. claiming that the absence of a technical agreement with the Americans

made payments impossible.
U.S.-Polish talks in Washington last month on the sum outstanding which is in the region of \$30m failed to produce results and at the July 6 meeting the issue developed into a significant stumbling block. Mr Nieckarz said that at the July 6 meeting: "The Western side began producing new conditions and the indications are that the Western European nations working under the influence of the U.S. Government do not want to speed up the talks."

Mr Neickarz added that repayment of the sums due would

be impossible without new credits aimed "mainly at in-creasing exports" and member-ship of the International Monetary Fund at present being blocked by the U.S.

# Two jailed for stealing Swiss bank data

By John Wicks in Zurich TWO FORMER employees of Union Bank of Switzerland have received prison sentences of

three and four years respec-tively for stealing six computer tapes from the bank's Lausanne data centre and handing them over to the French customs authorities. The public prose-cutor had called for sentences of only two years' imprisonment.

The defendants, named only as Jacques P. and Miguel C., were charged with theft, economic espionage and contraven-tion of banking secrecy. Jacques P. fled to the French island of Martinioue before sentence Switzerland claimed that bribes had been offered to bank employees to provide the French authorities with details

of Swiss bank accounts. During the trial in Lausanne it was stated that Jacques P. had been approached by a customs officer on the French-Swiss border and offered a reward for information from the UBS data centre. Subsequently, the

denied that any secrets had actually been obtained from the tapes by the French authoriFrench Patronat leader Yvon Gattaz talks to David Marsh

# Employers' voice shouts to be heard

a certain consistency. He stands

for unremitting gloom.

M Gattaz's bespectacled features, topped by theatrically-arched eyebrows constantly jerking upwards in alarm, surjection or source at severament. prise or scorn at government economic policy measures, have seldom been absent from TV and newspapers since he took over at the Patronat helm two

over at the Patronat helm two and a-half years ago.
So it has been something of a surprise to see that, lately. M Gattaz has been bearing vaguely good news. The message, backed up by a specially-commissioned opinion poll of company bosses, is that employers could create 470,000 new jobs over the next three years if the Government acceded to long-standing demands to lower administrative constraints on companies, notably by easing on companies, notably by easing controls on making staff redundant

The Patronat plan has met predictable scepticism from the Socialist Government and left-leaning trade unions. Government officials say the proposal ment officials say the proposal to ease lay-off constraints for newly-hired workers would eventually create first and second classes of employees. Union leaders, such as the moderate M Andre Bergerous of the blue collar Force Outriers the blue-collar Force Ouvriere, high social charges on employers have strongly disputed—probactually force up job losses by ably with some justification— dampening profitability. Muther basis of M Gattaz's Gattaz sees the reduction of

arithmetic.
None the less, the Patronat leader professes to be "very optimistic" that his ideas, in

IN THE shifting kaleidoscope for ways to stop the ominous of France's industrial and climb of unemployment, now political scene, M Yvon Gattaz, to climb of unemployment, now one of the Government's favourself worked in the early 1950s). The president of the Patronat by Christmas, M. Gattaz believes employers' association, at least he has launched an initiative his predecessor, the comfort has associated with the patronal form the association of the patronal form the predecessor, the comfort has associated with the patronal form the predecessor. has come to be associated with whose logic is difficult to resist. After all, M Jacques Delors, the Finance Minister, admits to being impressed by the fabled

"flexibility" of the U.S. economy, where easier hiring-andfiring procedures (as well as, of course, the huge budget deficit) have contributed to creating 4m jobs last year.

rate fell to 7.7 per cent in June from 7.8 per cent in May, the lowest for more than 10 years, according to provisional figures, David Marsh reports. The figures, showing a provisional rise in consumer prices of 0.5 per cent in June, the same as in May, were accompanied by the first cut

down unemployment. has accepted its argument that

his predecessor, the comfortably patrician M Francois Ceyrac, a long-time Patronat functionary, M Gattaz with his brother founded his own company, Radirall, in 1952. It is now believes it has not gone nearly

FRANCE'S annual inflation

The chief difficulty, M Gattaz believes, is, as usual, on the psychological front. Measures which interfere with employees' cherished rights have always been termed "social regression." The label needs to be changed, he says, to "progression" be-cause they would actually bring One source of Patronat satisfaction is that the Government

social security costs on companies proclaimed for the distressed steel region of Lorraine as de-monstrating the Patronat's

a highly regarded electronis business, employing 840 people with a turnover of FFr 200m in a French bank's base lending rate since January 1983, following recent modes; credit easing action from the Bank of France.

Bank of France.

The Paris branch of Chase Manhattan announced the cut yesterday, to 12 per cent from 12.25 per ceat, although the big nationalised banks were still hesitating about whether to follow.

with the Government over the denial of fresh state help to Creusot-Loire which forced the heavy engineering group into spectacular bankruptcy last month. He seems Creusot-Loire as an example of the large, lumbering type of company, irre-deemably relian on the state for contracts, which is out of place in a more flexible economy founded on private enterprise.

In private, he also gives the
Government some credit for
restoring the image of the private entrepreneur (a paradox for a Socialist administration) and holding down wage costs through its general anti-inflation

There is still, of course, a lot optimistic that his meas, in modificating the rational's some form or another, will theories.

on the negative side. M Gattaz's megaphone diplomated refusal to approve 2,000

At a time when the Government of the control of the negative side. M Gattaz's megaphone diplomated refusal to approve 2,000

At a time when the Government mon ground. M Gattaz, a 59-year-ment is searching desperately old son of a painter, is a self-lay-offs at the private Citroen image. Squeezed between sector.

haring new staff.

highly regarded electronis for enough. The tare professistiness, employing 840 people with a turnover of FFr 200m as a proportion of a company's wage bill, is a long-standing thorn in the Patronat's side.

The tax, which is due to rise by about 16 per cent this autumn, has been denounced even by President Francois Mitterrand as "imbecilic." But the Government has decided simply to make a cosmetic reduction in the levy next year, stopping short of the complete abolition called for by em-

always courteous, and a good listener, he says.

By contrast, M Gattaz is a good talker. And one of the problems affecting his general credibility is that, in public at least, he talks too often and rather lendis. rather loudly.

His visits to President Mitterrand are habitually followed by ringing corporate S.O.S. messages and dire statements on the content "this autumn over the sages and dire statements on the economy delivered from the Elysée steps. M Delors has been intensely irritated by what he judges is M Gattaz's aversion to

years. M Gattaz's megaphone diplo-

giving the Government any credit for measures to belo

companies over the past two



M Gattaz: diplomacy by mega-phone

France's increasingly shrill battery of small business leaders, the big nationalised groups (which are still among the Patronat's 1m-plus adher-ents) and an clite of big ployers.

M Gattaz claims to be on Hennessy and Oreal which have straight-talking terms with M discreetly formed their own Militerrand, by whom he has pressure group, M Gattaz been received more than 10 times over the past two-andahalf years. The President is always courteous, and a good listener, he says. His aides admit that the Patronat likes to reserve his most doleful jeremiads for the French Press, feeding another

message—long-term confidence in the economy, the strength of export efforts, ele-to foreign

scheduled increases in the tare professionnelle. But his warnings are beginning to lose some of their bite now that corporate finances—as the latest figures from the official statistics in stitute show—are showing clean signs of improvement as a result of the Government's policies since last year to shift resources back to the company

# Western allies displeased at inter-German air agreement

BY LESLIE COLITT IN BERLIN

THE THREE western allies in West Berlin - the U.S. Britain and France have indicated their "surprise" and displeasure that the West German Government failed to consult them before the recent conclusion of an air travel agreement between Lufthansa, the West German stateowned airline, and East Germany's

Interflug airline.

The allies said that normally all inter-German matters and "particuand spring fairs. In addition, the spring fairs. In addition, the spring fairs. In addition, the spring fairs. larly air rights" were discussed at two airlines agreed to recognise German capital of the Bonn Group, representing the allies. They maintained that they were not informed about the air agreements in advance, contrary to what would be expected. They said that the accord reached by the two national airlines had the character of a state treaty.

A spokesman for the West German Foreign Ministry said yesterday the western allies would be consulted when the air routes were established. He added that they would not touch the allied air corridors to West Berlin. The agreements provide for a dai-

e weekly meeting in the West each other's tickets and flight docu-Until now, there has been no

scheduled air service between East and West Germany and only infrequent charter flights. Interflue is to operate charter

flights from Leipzig to Hamburg, Düsseklorf and Stuttgart during the

autumn trade fair and will begin scheduled flights in the spring and autumn of next year. Herr Heinz Ruhnau, Lufthansa's chairman, said that other cities in East and West Germany could eventually be linked by air.

Lufthansa has openly coveted ly scheduled air service to begin "at one destination more than any oth-er - Berlin, where the airline originated after the First World War and grew to become one of the world's Lufthansa has been prevented

from flying to West Berlin because in Vigo. the three allied air carriers - British Airways, PanAm and Air Communist Workers Commissions, France - have alone exercised the allied rights to use the air corridors branch of the socialist UGT union, for scheduled services between the which along with the Basque ELA city and West Germany.

# Pickets seal off roads in Spanish ship strike

COACH LOADS of pickets sealed off roads in Spain's North-western Galicia region yesterday in a nationwide strike against a reorganisation plan for the shipbuilding industry which has split the trade union movement.

eries of protests which has been building up for over a year, received a lage scale following in all the main shipyard centres including In Galicia, where about a quarter

The one-day strike, the latest in a

of the industry is concentrated. have taken part in a protest march

The strike movement, led by the was joined in Cadiz by the local STV union reached basic agree-

respond to our initiative they will be the losers." He added that "the UK is

ment earlier this year with state and private shipyard owners on terms for restructuring the indus-A bomb attack on the Madrid of-

fices of the Vigo-based Ascom ship-

yard by persons claiming to belong to the Grapo terrorist group was said by company officials to be unconnected with the strike. The two unions involved in the initial agreement met government and industry representatives on

Wednesday in a bid to obtain a revision of production and demand forecasts at the shipyards. Current management plans imply about The sector has become the chief

focus of labour discontent, as the socialist Government is trying to get talks going on a wide-ranging

# Kuwaiti minister predicts tough fight over Opec quotas

BY DOMINIC LAWSON IN VIENNA

SHEIKH All Khalifa Al-Sabab, the Kuwaiti oil and finance minister, said yesterday there would be "a hell of a let of hagging" when ministers from the Organisation of Petroleum Exporting Countries (Opec) meet again to discuss promeet again to useuss pro-duction quotas this autumn. Ministers left a two-day meeting in Vienna hopeful that rising demand for oil in the coming months may permit them to raise quotas at their next meeting. Some

observers, however, feel that Opec has produced so far in excess of its quotas in the first half of this year, that little room for manoeuvre

The Kuwaiti oil minister admitted in Vienna yester-day that Opec production was as high as 18.5m barrels a day in June and averaged 18m b/d over the second These figures are higher than those given recently by

Agency and are well in excess of demand for Opec oil. The official Open production ceiling is 17.5m b/d and Sbeikh Ali Khalifa admitted that "seven or eight Opec countries have exceeded their

Sheikh Ali Khalifa also discussed the forthcoming attempt by Shelkh Ahmed Zaki Yamani, the Saudi oil minister, to persuade Britain

and other non-Opec producers to restrain their output and said that "if the British don't

a high cost producer. It is in its interest to see the highest possible oil price no matter what the British energy secretary says to the press." In giving his projections for the rest of the year's oil market, Sheikh Ali Khalifaconsidered by many Opec watchers to be the guiding force behind Opec's strategy —said that demand for Opec oil would be a little above

18m b/d in the third quarter and that the fourth quarter " will be much stronger allowing enough room for Opec to increase its production ceil-

stressed by some oil traders in Vienna following Opec's award to Nigeria of an increase in its 1.3m b/d quota of 100,000 b/d in August and 150,000 b/d in September. They believe that Nigeria would need to discount prices

# Spending on oil exploration and production plummets

IN VIENNA, Sheikh Yamani and Opec have done it again. Apart from a minor concession to Nigeria, the official price and output levels have held, sug-gesting that the world should be able to enjoy another quarter of fairly stable oil prices.

But as the Opec circus leaves ministers and certainly Sheikh Yamani must know that the forave talks about being able to increase Opec production significantly after the next mini-sterial meeting, probably in Geneva in late September, is

Having overproduced

about 600,000 b/d in the first half of this year, the cartel's nembers have already spread and eaten most if not all of the jam they hoped to enjoy in the fourth quarter. The chances are that Geneva will see another balancing act, orchestrated by the Saudi Oil Minister, to convince Opec countries that they must wait a little longer before they raise either production or price.

pulate the oil market in the a cut in activity by oil com-1990s. panies worried about the effect This message is set out in of weak prices on their investsome detail in the latest edition ments.

Norway makes big offshore gas find

Statoil, Norway's state-owned oil company, has discovered a large gas field in Block 7121/7 of the Tromsoe-Flaket field in the northern Norwegian Sea. Development is unlikely, however, unless considerable state aid is given to the project, Statoil told Reuter in Oslo.

The discovery contains estimated recoverable reserves of 170bn cubic metres of gas, a little less than the Frigg field in the North Sea, he said. Production could begin by 1996 if the field is developed.

the oil and gas market six years ahead, but to analyse the state of the world's oil companies. The most eye-catching finding of the study is the precipi-tous 35 per cent drop in the non-Communist world's spending on oil and gas exploration and pro-But just as it is in no doubt duction in 1983—the biggest that Opec will have to go on drop since Chase started collecttreading a fine line for several ing figures in 1946.

more years, it is also certain that on present trends, Opec will recover its power to manicotts, especially in the U.S., and

of Chase Manhattan Bank's
Although the major oil comannual review of the world oil
and gas business—one of the
industry's net
most comprehensive regular
revenues declined by 7 per cent
attempts not only to forecast
in 1983 and profits, at least for

in the latest evition
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in 1983—4.3m b/d against
attempts not only to forecast
in 1983 and profits, at least for

in table latest evition
in 1985 and
it did in 1983—4.3m b/d against
attempts not only to forecast

World Oil and Gas: Chase
Energy Economics; 1 Chase
with most other forecasts.

For Opec, these assumptions
interest to lower prices in
force the Saudis, in their own
\$100 additional.

the smaller companies, went in the same direction. It was the third successive year of decline. Although Chase, like other forecasters, sees a profits re-bound this year, it then expects profits to be flat in 1985 and 26,731 1986, before returning to a growth path.

own state oil companies have 80,095 suffered more than any other 63,555 group from these problems, but the comfort for Opec is the effect the dip in profitability and capital spending is expected to have upon the ability of the non-Opec countries' ability to add to their oil reserves.

As the table shows, by 1990, Chase expects reserves in the U.S. to be down by 22.5 per cent and West Europe's to be down by 21 per cent. The non-Opec world is running out of ammunition in Its ability to hold Opec at bay. This, of course, is too simple

a picture. The non-Opec world will find additional reserves when more intensive exploration and development is justified by higher oil prices. But because oil producers like Britain and Norway are doing such an excellent job at feed-ing the oil glut, real prices are expected to be stable for the next few years.

Chase seems only a gentle advance from 1986. Oil demand, it expects to grow at 1.4 per

CHANGE IN OIL RESERVES Bp barrels') Decre2 20,719 22.5 4.986 19.4 12,436 Now it is true that Opec's 21.0 73.4SZ 60,191 5.3 17,641 9.6 354.837 335,808 5.4

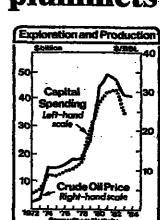
525,233 .

7.3

566,684

ally be able to increase its out-put from 17.5m b/d in 1983— the existing agreed production ceiling—to 21.8m b/d in 1990, still well within the organisa-tion's 32m b/d capacity. The 1990 figure will be slightly higher, Chase says, if oil prices turn out to be lower than it expects, because low prices will tend to shut in more high cost non-Opec production.
The bad news for Opec is

that, assuming the Gulf war ends eventually and trad's pro-duction rises to former levels and that the Saudis are forced to concede some modest quota increases to Opec's financially more hard-pressed members. the organisation's main swing producer, Saudi Arabia, will be producing less oil in 1990 than



order to stimulate demand. further increasing pressure on oil industry finances and explor-

By 1990 non-Opec oil production will have been on a plateau for two or three years and will, continue to act as de facto members, be incapable of rapid

These trends, the Chase report concludes, "set the stage for greater increases in Opec production in the next decade. with corresponding greater increases in real crude prices." All Opec has to do is to hang together in the meantime.

# **OVERSEAS NEWS**

# More than 100 bodies recovered from Taiwan mine

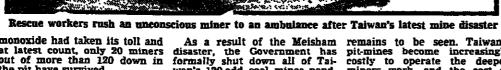
BY ROBERT KING IN TAIPE RESCUE WORKERS have recovered the bodies of more than 100 Taiwanese coal miners killed in the country's second major mining disaster in one

This week's mining disaster at he Meishan mine in Taiwan's largest coal-bearing district has further strengthened arguments against continuance of across-the-board subsidies of locally-

The Meishan disaster came just days after rescue workers removed the last of 4 bodies from the Haishan mine in Taipel County.
The collapse of the Haishan

mine had already led to debates about miners' safety and had brought Government threats to close any of Taiwan's 120-odd mines that fail to meet Govern-

ment standards.
On Wednesday rescue teams deep inside the Meishan mine raised the hopes of waiting relatives — and of most Taiwanese—when they reported by radio that most of the more



monoxide had taken its toll and at latest count, only 20 miners out of more than 120 down in the pit have survived.

The fire started early on Those

per cent higher per ton than imported coal. Government enterprises such

as Taiwan Power Corporation China Steel Corporation have agreed to purchase local mines' output year after year at the higher price, to sustain

The Government reasons that the social costs of shutdownsfor instance, loss of mine owners' investments and displacement of workers—outweigh the monetary costs of the sub-

The Government also feels that having the mines opera-tional guarantees Taiwan's supplies in case imports are cut

off by war.

Even with the subsidies, local production has fallen steadily over the past six years from 3m tonnes in 1977 to about 2.24m last year.
Imports which filled 74 per

than 120 miners were still alive.

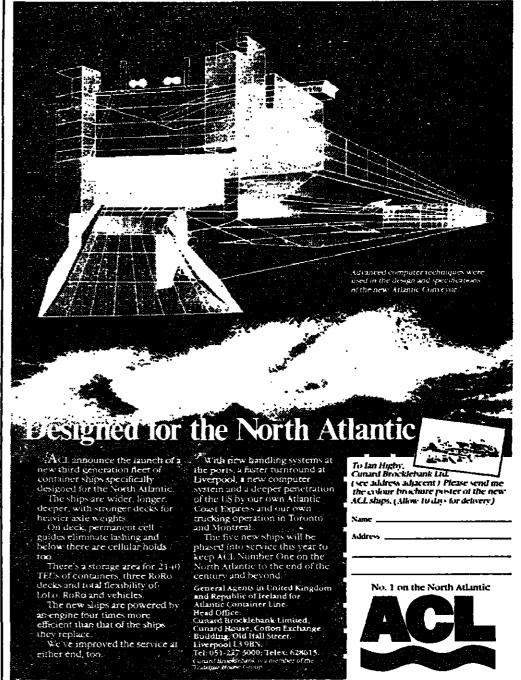
That report may have been based on their finding all but one of the first group of miners in the pit, they found fewer and fewer and fewer survivors: oxy
deeper into the pit, they found fewer and fewer survivors: oxy
gen deprivation and carbon slowly killed many of them.

The fire started early on Tueswan's 120-odd coal mines pending safety inspections.

Taiwan's Prime Minister, Mr.
Yu Kuo-hwa, has also repeated his earlier threat to shut pering safety inspections.

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Yu Kuo-hwa, has also repeated his earlier threat to shut pering improved safety by major utilities and industries and industries of the cost of installing improved safety by major utilities and industries of installing improved safety by major utilities and industries of installing improved safety by major utilities and industries of installing improved safety by major utilities and industries of installing improved safety by major utilities and industries of installing improved safety of installing improved safety by major utilities and industries of installing improved safety of installing impr



# Ciba-Geigy in drug marketing controversy

BY CARLA RAPOPORT IN LONDON

pharmaceutical company, has be-used for the treatment of rheumacome embroiled in the growing con- tism and arthritis. troversy over marketing drugs in the Third World.

The issue centres on two advisory been drafted and sent by its Indoneletters it sent earlier this year to sian subsidiary before it had a doctors in Indonesia on the han-chance to "formulate a worldwide dling of drugs which have been policy" on the drugs. either banned or severely restricted throughout Europe.

encouraged the continued use of because of reports of severe side-two of Ciba-Geigy's anti-inflamma- effects and deaths associated with tory drugs, oxyphenbutazone and their use in some countries.

ship sm

CIBA-GEIGY, the Swiss-based phenylbutazone. These drugs are

Wednesday that the first letter had

These drugs are no longer li-The first letter, sent in January, censed in many European countries

The Lancet, a weekly UK medical the products and new wordings for over the last few years.

journal. The letter cast doubt on the their labelling.

The British health authorities quality of evidence raised by mediyears against the two drugs. The

The company said on Wednesday, tributors. This correspondence, sent

cal experts in Europe in recent vised at that time," said Ciba-Geigy. phenbutazone and severely restrict "To establish a worldwide policy letter cautioned that "the seed of takes a long time." The first letter, March. The drug was subsequently fear should not be spread among ill it said, was posted on January 17, withdrawn. while the second letters were sent between February 14 and 29.

troduced more than 20 years ago. done by the initial letter.

Excerpts from the first letter about a month after the first letter. The products have been under atwere printed in a recent issue of was posted advised a limited use of tack by various medical experts

"The first letter was not ill-ad- recommended to withdraw oxythe use of phenylbutazone last

Mr Joe Collier, a clinical pharmacologist and editor of Drugs and Ciba-Geigy has said that only Therapeutics Bulletin, said on Wedhowever, that subsequent correspondence was sent to Indonesian alleged to be associated with the ters sent by the company would not alleged to be associated with the ters sent by the company would not doctors, pharmacists and drug dis- use of the drugs since they were in- be sufficient to undo the damage

# Tough times ahead for whoever wins

ECONOMICS are dominating the Israeli election campaign. This is hardly surprising given that the country is suffering from 400 per cent inflation and a balance of payments deficit which at \$4.80n has reached a dangerous level.

The Israeli voters already know that no matter which party wins the July 23 election, harsh remedial measures will have to implemented to cure the nation's economic ills. But because they fear alienat-

ing the public this is the one issue on which the two major parties are avoiding specific declarations about their post election intentions.

After all, it cannot be easy to woo voters when in truth all that you can offer them for the immediate future is the promise

themselves against the bad times which they fully realise easy to woo voters

In the past few weeks there has been a spate of strikes to support demands for higher wages. The rush to buy dollars at almost any price sent the black market dollar soaring, and the shopping spree in June set new records for a single month's sales of houses, cars and other contents durables

consumer durables. No matter how frightening it may have appeared to outside observers, Israel's massive inflation was not a real problem for the individual while it remained below 200 per cent. Israel's unique system of linking virtu-ally everything in the economy to the cost of living index ren-dered inflation almost harmless those living within the

But, when inflation took a sharp turn upwards early this year, to reach the 400 per cent level, the protective indexation system proved inadequate. Quarterly payments of indexed wage hikes were insufficient in a situation where prices rose at

This came on top of the col-lapse last October of the apparently gilt-edged shares of the big commercial banks. The shares lost half their value, wioing out sizeable portions of the average individual's savings in the process. The sudden failure of this supposedly safe shelter for assets in wild inflationary times really marked the beginning of the countdown for early

Losing a substantial propor- much tougher. tion of their life savings through the bank share collapse crystallised the growing feeling

was changed. 



Economics dominate the campaign, writes David Lennon from of austerity.
Of course, the Israelis have already been acting to protect
Tel Aviv, but it is not

> when in truth all that can be offered is the promise of austerity.

about an improvement in the balance of payments deficit, through increased exports and reduced imports. Inflation will also be brought down, though "this is not our main problem,"

Likud spokesmen rightly point out that during their point out that during their seven years in office, the standard of living of the average Israeli has risen tremendously. They intimate that returning the Likud to power will ensure that these gains are preserved and may oven he improved and may

even be improved upon.

They warn that if Labour is elected it will impose austerity measures which will make life measures which will make lite much trugher for the average citizen. The opposition, Likud says, may well induce a sizeable growth in unemployment, which the government has managed to keep down to the negligible level of about five per cent.

But this is somewhat disinguished the calling of

ease back, Mr Cohen-Orgad was economically it means hard beginning to implement an economic recovery programme which included eroding wages, lowering the standard of living.

Libya's Foreign generating unemployment and indeed making life in general

Just how serious are the problems? According to Mr Gad Yeacobi, the Labour Party's among many Israelis that the spokesman on economic affairs, Government may be losing seven years of Likud rule has control of the economy. If it produced: inflation at 450 per could not protect its citizens cent compared to 28 per cent against the supposed terrors of in 1977, a GNP which grew by hyperinflation, then perhaps it was time that the government while consumption rose 35 per the control of anyments and the consumption rose 35 per the control of anyments. as changed.

The ruling Likud's Finance deficit which at \$4.8bn has more injurior, the conic at \$4.8bn has more

nover the Treasury last were not caused by any excame to Lebanon by way of November. They were ternal impact. All were the beginning to work, he says, but twill need more time for them false policies and frequent to achieve their targets.

The fact that the fact that the false policies and exceptions was carrying a letter from Libya's ruler, Col Muanner Gadaffi. There were to achieve their targets. Already they have brought sult of the Likud's political and message.

conomic fantasies," he says. As examples of this he notes that "the Likud spent \$2.5bn from the state budget on settlements in Judea and Samaria (the West Bank), and the Lebanon war cost the national economy another \$3bn, directly and indirectly in lost production of people doing additional reserve duty."

heads the coalition Mr Yaacobi says "We will cut government spending by \$1bn in the first year." This will be done by saving \$300m by withdrawing from Lebanon, \$350m will be saved by cutting back on the construction of Jewish settlements on the West Bank, \$100m in handouts to coalition partners will not be renewed. The remainder of the cuts will be achieved by curtailing administrative expendi-

tures.
The sum Labour proposes cutting from the budget is identical to that already attempted by Mr Cohen-Orgad, only the priorities are different. Likud wants the cut to be made across the board with all government services being equally curtailed, while Labour wants to reduce spending on political projects which it pposes ideologically.

The two main parties are also advocates of a social contract between workers, employers and government to keep down wage, prices and taxes. Mr Yitzhak Shamir, the Prime Minister, said recently that if the trade unions do not agree to this voluntarily "they will be forced to co-operate." Because of its domination of the Histadrut, the unions' roof body. Labour believes this can be achieved voluntarily.

Mr Yaacobi is reluctant to go into details about just what will be demanded from the unions This is hardly surprising as it emerges that Labour will ask the unions to forgo a wage increase and accept a decrease in the linkage of wages to the cost of living index.

Indeed this may well explain why few people appear to show much enthusiasm when con-templating what life will be like after this month's elections, genuous. Before the calling of Whatever it may mean politicearly elections forced him to ally, they know for sure that

# Minister visits Beirut

By Tony Walker in Beirut LIBYA'S Foreign Minister

visited Beirut for talks yester-day with Lebanese President Amin Gemayel despite death threats from an extreme ex-tremist Shia Moslem group, the Sadr Brigades."

The group on Wednesday claimed responsibility for a bomb blast which virtually destroyed Libya's embassy in the Lebanese capital.

Mr Abdul-Salam Treiki who

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# Ferraro...tough, cool and ready to face the challenge

MS GERALDINE FERRARO lemant. Earlier this month, she an Italian immigrant shoplikes to describe herself as a thanked the powerful national housewife from Queen's, the organisation for women for working district of New York "making dreams that once that she has represented in the seemed impossible a reality for U.S. House of Representatives since 1978. In the streets and supermarkets of her neighbour-hood, she is known as plain Mrs Zaccaro, her married name.

From now on, one of the first tasks of Mr Mondale and the tasks of Mr Mondale and the ferraro will now come under she dealt with sordid and dis-Democratic Party will be to try intense national scrutiny—not tressing cases involving sexual to quash the inevitable allegations that she has been chosen simply because she is a woman her dresses and hairdos—as she and that Mr Mondale has caved seeks to establish that her

Ms Ferraro, a 48-year-old and ambition. Roman Catholic, acknowledges Ms Ferraro was born on that she found the experience making her a prominent memthat her sex is not entirely irre- August 26 1935. Her father was debilitating both for herself ber of the House leadership.

me." She has admitted that she would not have been considered

for the vice presidency "if my name were Gerald Ferraro." What is certain is that Ms

owner, who died when she was eight. She has kept her maiden name, she says, out of respect for her widowed mother, who took a job as a garment worker to help support her.

The young Ms Ferraro sold handkerchiefs in Blooming-ingdale's the famous New York The days of such possibly disingenuous modesty are gone for ever. With her selection as Mr Walter Mondale's vice presidental running-mate yesterday.

Ms Ferraro has decisively enhistory whether

She studied at night for her law degree, working as a school teacher and mother during the day

Ms Ferraro has decisively enhistory whether

She studied at night for her law degree, working as a school teacher and a mother-of-three oy day. After a spell in private practice, she worked in the tough New York city criminal court system as an assistant discourt system as a section as a court system as an assistant dis-trict attorney. The first head of the Special Victims Bureau, assaults, crimes against the elderly, family violence and child abuse.

A colleague of the time recalls

and that Mr Mondale has caved seeks to establish that her in to feminist pressure to break qualifications for the post as just that Ms Feraro was "deliberate, as good as any man's. On past that Ms Feraro was "deliberate, and didn't in any way demonstrate House.

Ms Feraro, a 48-year-old ambition.

A consequent the time that Ms Feraro was "deliberate, and didn't in any way demonstrate emotion." Her husband, John Zaccaro, a prosperous New York real estate developer, says

and the family.

elections.

Ms Ferraro entered Congress in 1978 after winning a difficult Democratic primary as what she called a "small c" conservative Democrat—a description she has since dropped in favour of "moderate." Her congressional district, the fictional home of Archie Bunker, the rough American television equivalent of Britain's Alf Gar-

nett, is conservative and tends

to vote Republican in national

In Congress, she quickly caught the eye of Mr Tip O'Neill, the powerful House speaker, who was one of the first party leaders to endorse her for the Vice-Presidential nomination this year. He helped her to win a seat

on the influential House Budget Committee, where, she says: "Ronald Reagan has forced me to become an expert on the budget." She is also secretary of the House Democratic Caucus and a member of the Demo-cratic Steering Committee,

has distinguished herself by with foreign policy issues. Try-

Only in the last two or three weeks has her widespread

San Francsico — an unenviable possible vice-presidential cand task that required both tact and date, described her yesterday.

from the often fractious parti-cipants and completed the job a day early — by dint of threatening an 8.30 am Sunday meeting. "That's what I do to my children." she said.

If Ms Ferraro has political

In recent weeks, Ms Ferraro office, and scant familiarity skilfully chairing the commitskilfully chairing the commiting to make up for that with a
tee that negotiated the draft major foreign policy speech in
election platform for next San Francisco on Wednesday,
week's party convention in she disturbed some liberals in her audience by stating bluntly that in a Gulf emergency "we would move in by land or sea."

It has been during the last support in the party two or three weeks, however, started to become really party has become widespread.
"Energetic and vivacious" is how Ms Pat Schroeder, the Colorado congresswoman who was once also mentioned as a possible vice-presidential candi-

> Asked earlier this month why she sought the vice presi-dency. Ms Ferraro replied that she was a good campaigner, with experience in the law courts, in Congress, and in 25 years as a wife and mother.

If she does not know the full facts on an issue, she explains, weaknesses, they are her lack of experience at state governor or U.S. Senate level, traditionally considered the path to national ligent," she says,



Walter Mondale with Geraldine Ferraro

# Case against De Lorean 'has failed miserably'

BY LOUISE KEHOE IN SAN FRANCISCO

DEFENCE lawyers for Mr John De Lorean argued resterday for the acquittal of the former car maker on the grounds that the prosecution had "failed miserably" to prove that he was guilty of cocaine trafficking charges.

In a motion filed on Wednesday after prosecution evidence was completed Mr De Lorean's lawyers asked the Los Angeles federal judge, Judge Takasugi, to dismiss the charges against

The lawyers said that FBI and Drug Enforcement Administration agents showed "an abysmal lack of concern' in the conduct of the undercover investigation snared Mr De Lorean

"The government evidence failed miserably to demon-strate any intent on Mr De Lorean's part to either possess or distribute narcotics," said the defence lawyers.

"Of the three key government witnesses cover agents and a government informant—all have admitted improprieties in the conduct of the investigation. the defence argued.

Lawyers said: "All have changed their testimony while on the stand and all have been impeached by their prior testimony on critical

During the week trial, defence lawyers have extracted admissions from prosecution witnesses that they: suggested a drug deal to Mr De Lorean; failed to follow government guidelines for undercover investigations; destroyed critical notes and recordings during the investigation; and failed to record several telephone conversations with Mr De Lorean in which he claims to have been threatened.

# Brazil quietly abandons its wage controls Andrew Whitley reports

WAGE CONTROLS—only eight months ago regarded by the In-ternational Monetary Fund and Western creditors alike as essen-tial for the resumption of lending to Brazil—are being quietly

"It's the market which regulates salaries," Sr Akihido Ikeda, a senior planning minis-try official said, this week, in a clear admission of defeat for In effect, those companies the Government in its efforts which could afford to give rises to restrict average wage rises to 87 per cent of the inflation in-

Sr Luis Eulalio De Bueno Vidigal Filho, president of the powerful Sao Paulo industries' Federation, FIESP, was more blunt. "Robin Hood policies don't work anywhere in the world. Nothing is gained by taking from the middle class to repass to those on lower in-

As far as the FIESP president is concerned Decree Law 2065 the wage legislation pushed through reluctant congress in November is dead.

Private industry has been ignoring the strictures of the law, especially as far as higher from Rio de Janeiro

salary earners are concerned, heavyweight state agencies: Shopfloor workers, notably in Petrobras, the national oil comthe vehicleand steel industries, have also won additional increases after strikes.

above the level set by Decree Law 2065 have been doing so —and the government has turned a blind eye.

But what has brought the issue out into the open, and made a mockery of this key item of legislation, has been a successful campaign by state company besses to wring addi-tional increases out of the Figueiredo Government for their top staff.

The real purpose of the IMFinspired wage legislation had been to make deep cuts in the bloated public sector wage bill, and thus help reduce the public

The first big holes in the wage law were punched by the

pany; Cia Vale do Rio Doce, the minerals company; and the central bank. All argued that they were losing their best em-ployees to the private sector, where comparable salaries are at least double those they were authorised to pay.

Since then the trickle has become a flood. The Governmest is thus in a dilemma. While it recognises that its controls have broken, and its legislation is dead, it cannot be seen internationally to be abandoning what was, after all, meant to be the centrepiece of its austerity programme.

On Tuesday Sr Ernane Galveas, Finance Minister, sig-nalled publicly that the Government wants to get out of its hole. He suggested that as private business was always pressing for greater freedom on wages and prices, perhaps the industrialists would like to come up with a formal pro-posal to amend the wage law.

Without any formal announcement, price controls have, meanwhile, been either substantially amended or dropped in recent weeks. Public sector increases, in such areas as steel and electricity, will in future be made half-yearly rather than quar-

significantly, Hore approved rise will be based on projections of future inflation, rather than compensation for past inflation—a policy which officials now believe is simply feeding the demond. In effect, Sr Antonio Delfim Netto, Brazil's economic overlord, is doned in 1981.

As for the private sector, the consumer durables businesses -hard hit by lower demandare to be allowed almost total freedom to alter their prices at will.

A long list of manufactured goods still remains subject to the weakened authority of the government's price controls

# Salvador releases nine leading trade unionists

BY ROBERT GRAHAM

has released nine leading figures in the trade union movement held prisoner since January. The move is unexpected and is a further sign Duarte's cautious attempts to bring about national recon-ciliation in the wake of his election six weeks ago.

The trade unionists are all elections the unions tried to members of the Revolutionary capitalise on government weak-Workers Federation (FSR) who were arrested in connection strikes both in the public and The trade unionists are all members of the Revolutionary with strike action called at the private sector to obtain wage beginning of the year to break concessions.

THE El Salvador Government a three-year wage freeze, They has released nine leading were released last Friday but figures in the trade union the news was only confirmed yesterday.

pad -

Although several unions are linked to the umbrella leftist guerrilla organisation, FDR/FMLN, they have sought to act independently. In the run up to the presidential

# Tass accuses U.S. of lie

MOSCOW-The official Soviet news agency Tass condemned as an "unpardonable lie" yesterday a Washington suggestion that Moscow was behind death threats sent to Third World atheletes plan-ning to compete at the Los Angeles Olympics. Without directly blaming

Moscow, the State Department said yesterday that letters purportedly from the racist Ku Kluz Klan bere all the hallmarks of a "disjutormation carmaign." information campaign "—a term the United States uses to describe covert atempts to deceive

# Lloyds Bank **Interest Rates**

Lloyds Bank Plc has increased its Base Rate from 10% to 12% p.a. with effect from Thursday, 12th July 1984.

Other rates of interest are increased as follows: 7-day-notice Deposit Accounts and Savings Bank Accounts – from 6.5% to 8.75% p.a.

The change in Base Rate and Deposit Account interest will also be applied from the same date by the United Kingdom branches of

Lloyds Bank International Limited The National Bank of New Zealand Limited

Lloyd: Bank Pic. 71 Lombard Street, London EC3P 3BS.

# WORLD TRADE NEWS

# Land Rovers to oust Jeeps in Swiss Army

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

LAND ROVER, BL's subsidiary, has won the hard-fought battle between the world's light four-wheel-drive vehicle producers to replace the Swiss Army's Jeeps over the next few years.

The Swiss defence depart-

ment said yesterday that, sub-ject to Swiss parliamentary approval in December, the army had contracted to buy 600 Land Rover vehicles next year for SwFr 35m (about £11.3m). And over the follow-

ing 10 years a further 300 would be bought each year. Land Rover faced initial competition from 19 light four-wheel-drive vehicle producers, including those in the U.S. and Japan, in the initial appraisals made by the Swiss Army after it decided to

replace its American-made Willys Jeeps. The huge interest was generated because the Swiss contract was one of the biggest likely to become avail-

able in the next few years.
The final choice was between Land Rover's new 110 model, with automatic transmission, and the "G" waggon produced by SteyrDaimler-Puch of Austria.
The Swiss defence department said that Land Rover had been awarded the contract mainly because of a 15 per cent price difference between the 110 and the "G"

The 110 was launched in February last year and represented the first major change to the Land Rover vehicle

The company had not expected to win any military or government sales for another year or so but, apart from the Swiss order, Land Rover is also to supply "a Far East army" with 1,100 of the 110s.
Last year Land Rover delivered vehicles to 36 armies around the world,

since it was first introduced

# Generous offset work key to Belgian vehicle order

receive from Canadian sources BFr 6bn (£78.9m) worth of business following the decision business to be business of the Brussels Government to of the Brussels Government to buy from Bombardier of Montreal 2,500 litis four-wheeled 52.64 per cent for Dutch-drive vehicles. The business is speaking Flanders, 40.43 per worth a minimum of three times cent for French-speaking Wallonia and 6.93 per cent for Brussels.

Although the contract is not large in the pantheon of military logistics, the size of the compensation—the offset for the contract Bombardier has been prepared to arrange emphasises the lengths suppliers will go to win orders.

Arranging the offset is

BELGIAN COMPANIES will doubly complicated in Belgium politically inevitable at the bevehicles, is worth BFr 385.7m weapons to Canada valued at receive from Canadian sources because of the need to arrange ginning of the week. (£5m). the requisite spread between the three disputations regions

> It was the nature of the offset forces, agreements that led the Belgian Government to choose Bombardier over Daimler-Benz, its nearest rival for the contract. This meant overruling Mr Freddy Vreven, the Defence Minister, who accepted the

The contract strengthens
Bombardier as a supplier of
military four-wheel-drive
vehicles. The Iltis was developed by Volkswagen for the German Army. Bombardier bought worldwide manufacturing and distribution rights in 1982. It supplies Iltis to the Canadian

The Iltis for the Belgian Army will be assembled in a Brussels Volkswagen plant; this is part of the direct offset. The total value of this section of the offset, which is related specifically to the production of

The greater value of the offset

contracts. The main bene-ficiaries in Belgium are: ficiaries in Belgium are:

BN, the transport equipment manufacturer, will become a sub-contractor to Bombardier, which is providing metro carriages for Portland, Oregon, with business worth BFr 1.37bn;

GLS, the Belgian subsidiary of Krauss Maffei of Germany, makes tanks and will do BFr Ibn business with the Canadian Government:

Canadian Government;

 Volkswagen interests in Belgium receive BFr 900m of busi--BFr 5.6bn-Bombardier dis-closed yesterday, is in indirect But the matter does not stop there. The Hits will be assembled in Belgium for sale to third countries by joint Belgo-Canadian promotion.

The two countries are to

work together on fibre optics.
Glaverbel, the Belgian glassmaker now owned by Asahi of
Japan, will get help with its
marketing in Canada, while the
Canadian Government has agreed to assist Sabena, the Belgian airline, obtain landing © Fabrique Nationale, the arms manufacturer, will supply rights for Toront

# Bank of Scotland BY FRANCIS GHILES **BASE RATE**

Bank of Scotland announces that, with effect from Wednesday 11th July 1984, its Base Rate will be increased from 10% per annum to 12% per annum LONDON, BIRMINGHAM, BRISTOL, MANCHESTER, NEWCASTLE AND SOUTHAMPTON

The rate of interest on sums lodged for a minimum period of 7 days or subject to 7 days notice on withdrawal will be 81% per annum, also with effect from 11th July 1984



# Algeria seeks arbitration over Spanish LNG row

ALGERIA IS seeking the arbitration of the Paris-based International Chamber of Commerce over its long-standing dispute about the terms of its contract to sell liquefied natural gas (LNG) to Spain. Algeria's state oil and gas

company, Sonatrach, is angry over what it feels is the cur-rent stalemate in negotiations with Spain's state gas company, Enagas would like the volume

of gas it contracted to lift over 20 years, from 1975, reduced by two-thirds. Since that date however, the Spanish company has never honoured the take-or-pay clause. Although Algerian ex-ports of LNG to Spain have inclause. Although Figure 1980, to ports of LNG to Spain have increased gradually since 1980, to reach 1.4bn cubic metres in the year to April 1994, today, such shipments still amount to less than one-third of the initial volume contracted for by now under bankruptcy proceedings, as the builder of an LNG terminal for Korea Gas Cortain South

retrospectively, to Enagas, the price paid for its gas by other

million British Thermal Units (Btu). Spain only pays \$2.70. Spain imported 8.9 per cent more Alge ian gas in the 12 months to the end of May 1984 than in the year which ended in May 1983—its imports of Libyan gas declined by 1 per cent over the same period.

The acrimonious dispute over the gas contract is expected to cost Spain about half its exports of goods and services to Algeria which, last year, reached just over \$1bn. Furthermore the Algerian authorities have sus-pended a contract under which the Spanish were to build a dam at Mexana and are not

retrospectively, to Enagas, the poration, the state-run South price paid for its gas by other Rorean company said yesterday, European customers—\$3.95 per AP-DJ report from Seoul.

# **Hong Kong port** expansion contract won

By David Dodwell in Hong Kong

HONG KONG International Terminal, the subsidiary of trading group Hutchison Whampoa which handles about 40 per cent of the container traffic passing through Hong Kong, has awarded a HK\$290m (£28m) contract for the extension of Kwaichung container port to Aoki Corporation, a Japanese construction company.

The project, which involves extensive land reclamation, will add 15 hectares to the port's container marshalling area, and raise its container handling capacity from the present 1.4m 20 ft equivalent units (Teus) per year to 2.4m Teus.

Hong Kong is the world's third largest container port, behind Rotterdam and New York, The contract, unveiled yesterday, represents the first of two phases of expansion plannad for this decade. It is expected to be completed within 22 months, Mr John Meredith, managing director of Hong Kong International Terminal

# Westland in Australian venture to build trainer

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

land, has been formed in the UK by the Westland group and the Australian Aircraft Con-sortium to manage the promo-tion, sales and manufacture of the Australian A-20 two-seat basic military training aircraft in the UK and Europe.

The A-20 is one of the four short-listed contenders for the pending RAF basic trainer order, which is expected to be decided by the end of this year. The RAF wants up to about 150 aircraft, worth over £200m. The other contenders are the Brazilian Embraer Tucano, supported by Short Brothers of Belfast; the Swiss Pilatus PC-9. supported by British Aerospace; and the UK-based Firecracker

from Firecracker Aircraft. The chairman of AAC-Westland is Mr J. N. Davenport, of Australia, with other Australian directors being Mr D. J. Dalziel,

A NEW company, AAC-West- Blackwell, Sir John Treacher, land, has been formed in the Mr A. V. N. Reed and Mr M. Jones.

The Australian Aircraft Conortium itself was formed some time ago to develop the initial A-10 basic trainer for the Royal Australian Air Force, from which the A-20 has been derived

which the A-20 has been derived to bid for the RAF deal.

The AAC comprises the Commonwealth Aircraft Corporation of Melbourne; the Government Aircraft Factories, of Fishermen's Bend, Victoria; and Huwker de Havilland Australia, of Bankstown, New South Wales.

The new ACC-Westland Company will be responsible for responding to the UK Ministry of Defence's call for tenders for the RAF's basic trainer order.

If the A-20 wins the competition, the new company will

tion, the new company will manage the contract, involving joint production of the aircraft in the UK and Australia, with directors being Mr D. J. Dalziel, final assembly and flight test in the UK, and on-going support in RAF service. The A-20 will the board will be Sir Basil UK-built equipment.

The economy is at last on the mend with company profitability, output and exports all rising. However, the public sector still has a key role to play in improving the industrial infrastructure and tackling the high level of unemployment

# Starting out on the road to recovery

By ROBIN REEVES, Weish Correspondent

sharply increased output, a marked fall in the number of greater export optimism, and increased capital investment were the hallmarks of the latest Industrial Trends Survey from the Wales CBL It adds up to the most optimistic survey produced by the CBI since it first started collating Weigh results on a separate

With one or two exceptions, sectors of the economy which a year ago were beginning to wonder if the recession would ever end are now experiencing rising output and profitability; exporters are doing particularly

For all that, the recovery in Wales is relative. According to the Wales CBI's survey, it is running behind that of Britain as a whole, though the gap is narrowing. Furthermore, while the steep rise in unemployment Wales has experienced since 1979 appears to have halted, the rospects of significantly denting a jobless rate of some 16 per cent or 160,000, of whom one-third are under 25 and onethird have been out of work for over a year, are not promising. Indeed the evidence suggests

departure in the Government's economic strategy, with greater

emphasis upon the creation of jobs, Welsh unemployment is likely to move still higher. In the forefront of thinking is the fate of the Welsh coal mining industry. Lest year, the South Wales coal field's operating deficit totalled £100m, or half the total net losses of the National Coal Board.

This was despite a steady trickle of closures which has seen the number of South Wales miners shrink from 30,000 to around 21,000 over the past five years and the number of South Wales pits from 36 to 28.

Barring an outright victory by the miners in their present strike, and therefore the provision of substantial additional capital resources for the industry, South Wales is likely to figure prominently in any moves to reduce the British coal unprofitable, high cost capacity and manpower.

The miners' strike has also highlighted the fact that the by no means definitely over, losses and reductions in capacity over the past five years and its competitiveness. The Eurodemanding a further cut in the

the choice is being portrayed as one between Ravenscraig in Scotland and Llanwern in

Prior to the miners' strike, Llauwern looked the safer of the two, not least because in the financial year which ended in April, it was the one major UK strip steel plant to make a profit. Now the outlook is more cloudy. In any case, until such time as the European steel industry has been satisfactorily restructured and returned to profitability,

#### **Efficiency**

The pressure on both these traditional, and still major, Welsh industries stems not only from the Government's drive for greater efficiency in the nationalised sector but also its continued determination to curb public expenditure, which has significant implications for other parts of the Weish

Public administration and services were an important source ties during the 1970s. But the tightening squeeze on local authority and health service spending, combined with tech-nological change, is choking off employment growth in this

In short, the Government is looking largely to the private sector to provide the new job opportunities and to reduce Weish unemployment to less unacceptable levels. The quesnomy is equipped to meet this challenge.

economy was built up in the



Left: computer graphics at Cardiff University Industry Centre. Top right: the Menai Bridge in Gwynedd. Bottom right: Swansea shopping centre

demand management and a development grant incentives designed to persuade growth industries to expand out of areas of relative labour scarcity into those like Wales where it was relatively plentiful.

But the net result of policy changes over the past decade by both Labour and Conservative Governments has been to shift Welsh industry from a position where it enjoyed a rela-tively protected position within a more buoyant British economy to one in which it is far more exposed to the cold winds of international industrial competi-

be taken a stage further by the Government's plans for further curbing regional development expenditure, details of which are due to be announced in the

Many companies in Wales have invested to meet the challenge of living in this far harsher economic climate and are poised to do very well. But as a recent report from the Commons Welsh Affairs Select ittee identified, the economy overall is still characterised by a low pro-portion of managerial and pro-

Keynesian fessional personnel, a small-pent and a sized business services sector, an unfavourable rate of new product innovation and a high proportion of branch factories. It is hardly an ideal structure for generating a large expansion of new employment opportunities in the private sector.

Encouragement The Government has tacitly recognised this in a number of directions. Far from curbing the activities of the Welsh Development Agency—2 product of Labour's 1970s industrial interventionism — the agency these days is being given every encouragement to increase the birthrate of new Welsh enterprises and the expansion of ex-isting ones by adopting an ever more ambitious merchant

banking role.

The official machinery for attracting inward investment to Wales, with the aim of adding considerably to the 200 over-seas companies with Welsh plants, was radically revamped last year to create a new body

More recent still is the go-head given to "Wintech," ahead given to "Wintech," another new publicly-financed body under the wing of the WDA, designed to make Wales "technology friendly." Its task

petitiveness, and to encourage the growth of new, high tech-nology, enterprises.

The real estate required for such growth, is also being created, but again mainly through public sector initiative. Cymbran Development Corporation is behind the construction of a specialist complex for fledgling new technology ventures, nearing completion on its highly successful Llantarnam Industrial Park, Clywd County Council and the North East Wales Institute were the insti-gators of a Business Centre for Advanced Technology on Dee-side Industrial Park, North

The WDA is also working on plans for other science parks and facilities for attracting more new technology jobs, though in a number of instances their go-ahead is dependent upon funding being forthcoming from the private sector. This is notably true of a scheme to attach a science park to Swansea Univer-

But public finance and initiative, in the form of Urban

ing Welsh industry to adopt new which are transforming Swan-technology as rapidly as pos-sible, so as to maintain its com-marina and housing and leisure Last December he was for complex and are due to do the to introduce a four month same for an important slice of moratorium on all capital spendsame for an important slice of Cardiff's dockland.

On a more modest scale, local of capital projects, including authorities, as much as private industry, have been instrumental in building small essential for Wales industrial essential for Wales industrial nouse ventures which will hopefully produce the growth companies of tomorrow, and in developing a network of local enterprise agencies across wales.

attractiveness. As it is, the CBI, though it supports the Government's general strategy, remains deeply unhappy over the level of investment in infrastructure and last month called for

#### Regeneration

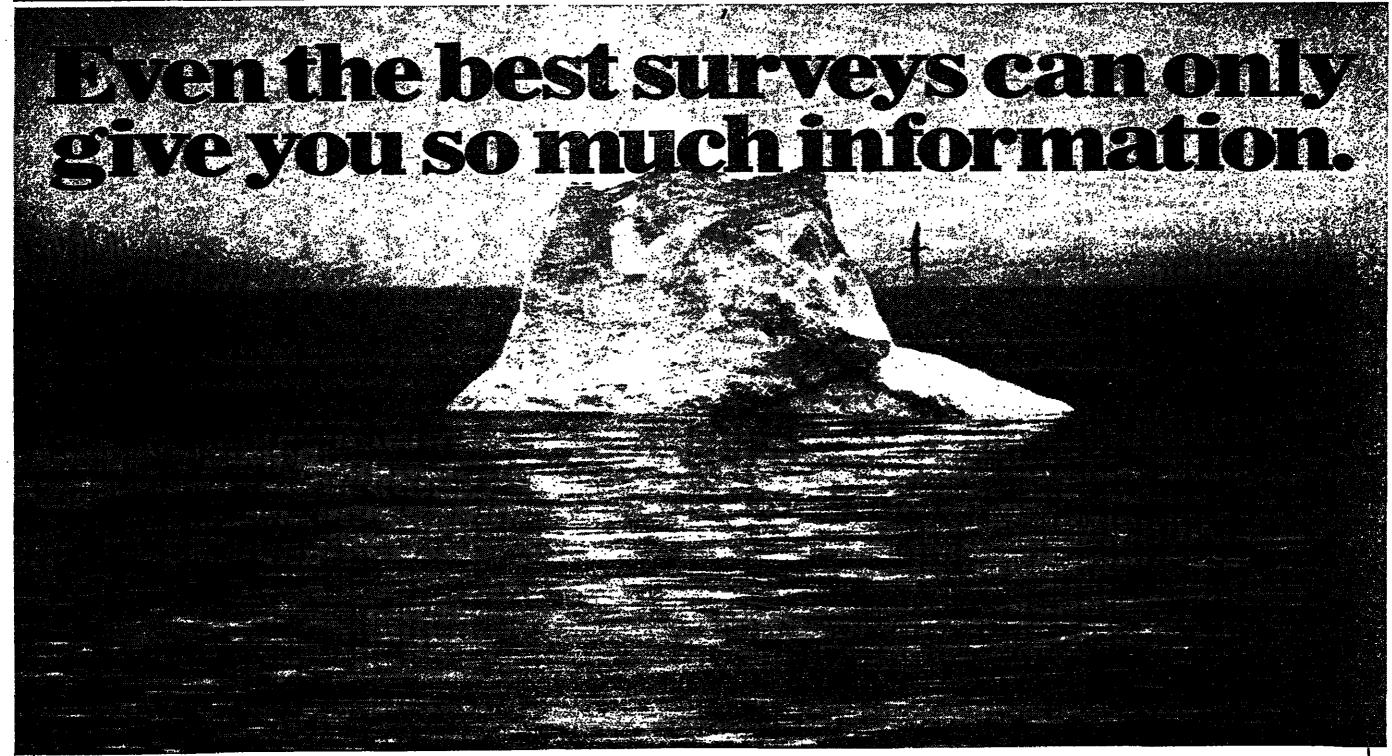
However, the extent to which local authorities can make an important contribution to eco-nomic regeneration is becoming increasingly circumscribed by the Government's objective of clamping down further on local authority spending.
Therein lies the worry. There

are limits to how far the Gov-ernment can meet its policy objective of curbing public ex-penditure without also weakening the contribution to economic recovery expected of the private sector. In Wales in particular, the two are closely

doubling of expenditure.

Cuts in other directions have been even more drastic. A successful housing repairs grants scheme which showed signs of eating into Wales' exceptionally large inheritance of substandard housing was suspended in mid stream. The WDA's budget for derelict land clearance this year has been halved.

Looming on the horizon are the changes in regional policy due to be announced this autumn. Any dilution in Wales' benefits could well discourage capital investment by existing the drive to attract nev Both are essential if the private sector is to make the Development Grants, is prominterlinked, and there are signs private sector is to make nent in Wales' two major inner Mr Nicholas Edwards, the Secton to Wales' econocity redevelopment schemes retary of State for Wales, is regeneration expected of it.



We're not suggesting that the FT has overlooked some of the salient facts. It's just that noone knows Wales better than we do.

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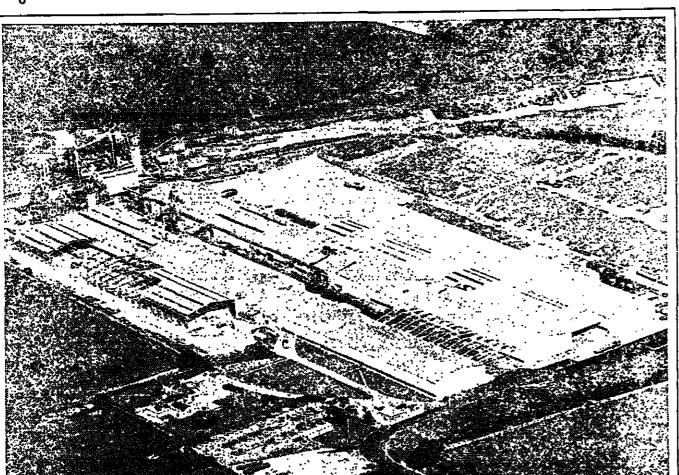
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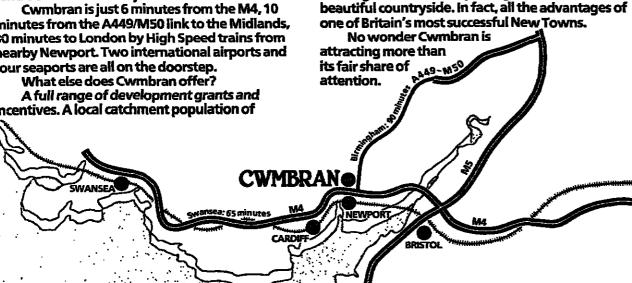
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# BRITAIN'S BEST LOCATED DEVELOPMENT AREA

# Wales 2

# Concern over threat to aid

#### Regional policy

T WAS last December that the IT WAS last December that the Government announced in a White Paper, that it was pressing ahead with its manifesto commitment to reshape regional development policy. Although views were invited from interested parties, it was made clear at the outset that the Government is determined to move away from automatic grants to a more selective approach, reduce the amount of taxpayers money speat on regional incenmoney spent on regional incen-tives, while, at the same time, extend at least some of the benefits of regional aid to the West Midlands.

West Midlands.

Unhappiness in Wales over the impending changes is widespread. A three-month investigation by the Commons Welsh Affairs Select Committee into the subject this spring triggered a universally hostile response to the prospect of any dilution in Wales' regional aid benefits.

The CBI's Wales chairman told the committee bluntly that the present level of regional aid was absolutely essential to maintain investment in new jobs and that any cutback could nip Wales' recovery in the bud. nip Wales' recovery in the bud.
A spokesman for the Welsh
District Councils went so far as
to describe the White Paper as

an assisted area—the position prior to 1979. It argued that the present patchwork is confusing to indus-

trialists and also noted that Britain designates a smaller Britain designates a smaller proportion of its area for industrial assistance than do most members of the European Economic Community— au important source of grants and loans towards Welsh infrastructure and industrial projects,

#### Confined ability

The committee also called for any savings made by phasing out automatic regional develop-ment grants to be used to introduce more generous selective financial assistance through the Welsh Office, and to provide additional resources for the welsh Development Agency, its rural cousin, Mid Wales Development, and local enterprise agencies; as well as the increased aid requirements required by an extended assisted area man assisted area map

**EMPLOYMENT** 

to describe the white Paper as
the most ill-informed piece of
policy making ever to hit Wales.
The local authorities were particularly incensed at the White
Paper's lack of acknowledgement of their efforts in the
industrial field.

The upshot was a unanimous report from the Conservative-dominated committee urging the Government to rethink its position. Far from accepting that there should be a diminution in the number of areas qualifying for regional aid, in order to concentrate resources upon areas of greatest need, the committee called for the whole of Wales to be redesignated as

vices sector, an unfavourable rate of product innovation and the high proportion of branch

The reasons for this are complex but clearly an important factor has been that in Wales' traditional industries—steel, coal and tinplate—the trend for the best part of a century, has been towards con-centration into fewer and larger units requiring large amounts of capital,
This has been unhelpful in

UNEMPLOYMENT

The committee's arguments were all the more persuasive, give the White Paper's emphasis on the need for more indigenous growth to tackle regional economic problems rather than relying upon industrial mobility and transfer of jobs.

Compared with other regions with high unemployment, Wales' ability to take advantage of economic recovery is still constrained by a low proportion of managerial and professional personnel in the overall force, the small size of its business services sector, an unfavourable creating an economic entring an economic convironment in which it is common place for a middle manager and offshoot business on their own, broadening the local economic base.

Faced with this analysis, the select committee commended to the Government a more comprehensive approach towards assessing regional needs put forward by one of its advisors, Mr Ross MacKay, Director of the Institute of Economic Research, at University College, Bangor.

Rather than basing assist area status solely upon average unemployment rates over a area status solely upon average unemployment rates over a period, it suggested that the Government should use a broader measure of need, taking eccount also of activity rate long-term unemployment, the level of redundancies, percent-age decline in employment, and what is described as "indigenous

#### Indigenous

Indigenous potential would be assessed via another index, based upon industrial struc-ture, education, occupational mix savings, home ownership and disposable income. Using this broader measure, Wales emerges as the worst off region in Britain, followed by the North, the North West, and

It remains to be seen how the Government responds. The new regional aid regime is due to be introduced in the autumn and will ran in parallel with the existing arrangements for

It could well include innova-tions which will be distinctly helpful in tackling some of the Welsh economy's weaknesses. But the worry remains that, overall, the new regional policy package will significantly weaken Wales' ability to rebuild its economy after the ravages of the recession.

Robin Reeves

# A hint of high adventure

#### Welsh Development Agency

WHEN THE BBC's satirical programme, "Not the Nine O'Clock News," did its "Failed in Wales" take-off of the Welsh Development Agency's "Made in Wales" advertising campaign much too close for com-The chuckles could be heard even in the Welsh val-

burnt by some of its investments, the most publicised being gelatin producer P. Leiner, which went bust taking £1m of WDA money with it. Equally galling was the over-night disappearance of fireengine manufacturer Merry-weather to which it had extended rent free factory accom-modation to go with the £1.5m in aid provided by the Welsh

But for 18 months or so the agency has been undergoing radical change, although not all of it yet apparent to the out-

# A full time job

It began with the appointment in late 1982 of former BOC managing director John Williams as chairman, Initially this was a part time appointment but with the death of the then chief executive and retirement of the chief administrative officer it quickly became a full time job.

Like Mr Williams, his new chief executive has extensive private sector experience. Mr David Waterstone, appointed to the job last October, is a former BSC man most recently as chairman of Redpath Dorman Long which he left in 1981 to run his own property development company in his native Scotland.

"I've been given a broad brief." says Mr Waterstone, "and that is to improve the Welsh economy. It is not my responsibility to create jobs. I wouldn't have taken the job if it was, because that leads to the wrong decisions. Creating jobs is the role of the grantgiving bodies. The only cri-terion for the WDA should be to attract viable investments." Having established these principles Mr Waterhouse says he wants "to get on with the

job."

He has begun with the agency itself. When he arrived, he says, there were far too many "self-imposed" rules. "We shouldn't fetter ourselves with chains so I've loosened them." His staff, he claims, are now behaving "much more like businessmen than civil servants." Ho has he says, introvants." He has, he says, introduced a straight management line and appointed eight regional managers. There were regional offices before but he has stepped up the number and given them greater autonomy and he emphasise, respon-sibility.

Regional managers are now allowed to make their own decisions on investments of up to £25,000. The additional re-

ponsibility, Mr Waterhouse argues, "keeps them on their toes and is producing results." The quicker decision making and closer involvement with the local community, is, it is true, already being appreciated in the field, although there is still a feeling that the WDA still has a long way to go.

In return for the added responsibilities Mr Waterhouse wants to be able to reward his staff "by results" but acknowledges that he will have to tread carefully since it will mean turning the established civil service pay structure on

In the past the WDA emphasis has been on industrial property development. In con-junction with the steel closures programe the WDA has under-taken one of the biggest industrial building programmes ever, amounting to some 22m sq ft. Some 13 to 14 per cent of WD. buildings are unlet. Mr Waterhouse considers this to be too high a ratio but, acknowledging that the agency will always have to undertake some advanced or speculative build-ing, he would not expect it to be entirely eliminated. He hopes, however, to bring it down to 8-10 per cent. In future the building pro-

gramme will be more selective.
The WDA will build "where
the private sector can't or
won't." He singles out tourism projects as ventures which the country needs but which are often difficult to finance. There will be more "bespoke" build-ing for industrial needs. He is ing for industrial needs. He is already discussing joint projects in partnership with the private sector, particularly in the high technology field where the WDA has the customers looking for accommodation.

He sees the WDA as the catalant for attraction

lyst for attracting private sec-tor funds using "a little agency money" to encourage private investment. Very much in line with the present government's thinking, he says: "We want to suck in as much private sec-tor funds as we can. We want them to take some of the risks."

# Lighter burden

He was amazed, he comments, "as a Scot coming to Wales" at the lack of venture capital sources. To help plug this gap the WDA has extended its financial services by establishing the Hafren Investment Finance. This provides venture capital of between £10,000 and £100,000 for higher risk projects either in the form of equity as ordinary or preference shares or as unsecured loans for which it charges 2 per cent above base rate. This concept is being rate. This concept is being extended with City participa-tion to back projects requiring capital of up £500.000.

duced a variable interest loan scheme to help new business with unpredictable growth rates or those emerging from recession or difficult trading conditions. By linking the interest payable to a percentage ranging from 10 to 20 per cent of sales or net profits the cost of servicing the loan is less burdensome as it rises in line with the company's growth in



to improve Welsh economy

To illustrate the success the WDA's new initiatives in venture capital Mr Waterhouse points to the 57m flansacial package which it put together to jure the floppy disk manu-facturer, Parrot Corporation, to Cwmbran.

Higher risks inevitably mean

travelling costs.

Mr David Waterstone: brief

turnover or profits.

higher chance of failure and the WDA does not have too happy a record. (In its last financial year 14 companies failed representing 7 per cent of WDA's investment clients). Its past failures, the WDA's new chief executive attributes, to its previous "hands off" approach to management.

High risks, he says, require a high level of "after care." In line with this change in policy it has set up its Execu-tive Secondment (Exsec) scheme whereby senior execu-tives are seconded for a period of up to six months from major companies such as ICI, BP, it is still too early to make Shell and Control Data to propositions for the current year vide expertise for smaller combut hints that there are some panies with up to 150 employees. Their services are free, some of them quite big" under
apart from a small charge for negotiation which could come Also in keeping with its more

adventuresome policy Mr Waterstone says that the WDA

will be actively encouraging enterprise zones. In the past he claims the WDA was some-what "antagonistic" towards what "antagonistic" towards
the zones, seeing them as a
"dissipation of effort." He feels
differently. "We should," he
says, "tap that energy, not put
a cork in it."

The WDA's wind of change is

not confirm to its initiatives on the venture capital front. A new offshoot, Wales Investment Location (Winvest) has been set up to combine the past activities of the Welsh Develop activities of the westi Develop-ment Corporation, which for 25 years had been responsible for promoting Wales overseas, with the inward investment activities of both the WDA and Welsh

Unlike its predecessor the WDC Winvest can offer potential investors a complete pack-age, including grants from the Welsh Office and premises from the WDA. It claims to have extracted promises to set up in Wales from 20 companies offering some 2,500 new jobs.

# Commercial reality

Emphasising Wales' desire to stimulate investment in high technology investment the WDA has recently established Wintech to promote technology exchange between industry and university and to translate new ideas and products into com-

mercial reshity.

The WDA's claimed rejuvenation is being given the benefit of the doubt by those involved in regenerating Weish industry at grass roots level. In the endit will be tuded by mention it will be judged by results. Mr Waterstone claims that during the last financial year, 25 per cent of all inward invest-ment to the UK came to Wales

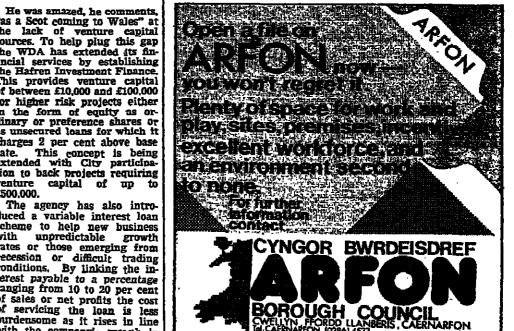
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— a better achievement than for any other region. He says to fruition in the next two to three months.

Margaret Hughes



ling group

# Taking on a heavier load

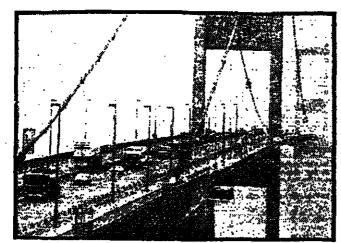
Severn Bridge

"PUBLIC PERCEPTION of the problem is more important than the problem itself." Mr David Waterstone, chief executive of the Welsh Development Agency, was commenting on the recent controversy which has surrounded the condition of the Severn suspension bridge.

Certainly, the chances of running into a traffic jam on the M4 are far greater at the Chiswick flyover into London than at the Severn Bridge which, since it opened in 1966 at a cost of £8m, has developed into South Wales's industrial lifeline. But Mr Waterstone admits that at least two inward investment projects have been lost to projects have been lost to South Wales because of the

adverse publicity. Concern over the bridge's adequacy has been growing for years, as traffic growth has outsripped original forecasts and special repair and maintenance measures have become an almost annual

Concern turned into alarm last autumn with the leaking of a report by consultant engineers, Mott, Hay and Anderson, which suggested that under certain freak consultant the hidden was consultant. ditions the bridge was in danger of collapsing. It triggered a crescendo of demands not only for the implementation of a major programme of strengthening



The Severn Bridge, South Wales' industrial lifeline; concern over adequacy.

work, then under consideration, but also for the building of a second Severn crossing. The Government has now responded to the pressure. Some £23m is being spent over the next four years to enable the bridge to carry heavier loads. In the meantime, traffic restrictions have been introduced on the cross-ing to prevent a large build-up of heavy vehicles on the bridge at any one time, thereby keeping loadings well

within safety limits.
Considerable efforts are being made to minimise any traffic disruption, by carrying out the work during off peak hours and enguring that any hours and ensuring that any complete closures of the bridge are "few and brief"

the night Advance warning of all restrictions are being posted as far back as Swindon to give the drivers the op-tion of diverting through

Gloucester.

But a continuing irritation is that bridge users are likely to be left meeting the cost of the tert meeting the cost of the repairs. A public inquiry it to open shortly into govern-ment proposals for raising the bridge tolls to meet the £33m bill. It will be surprising if the case being argued against the increases and, indeed, that the tolls should be scrapped—it is the only toll bridge on the UK motorway network—

are successful. On the demands for a second crossing, the Government has not yet given a firm commitment. But Mr Nicholas

Why dairy farmers Ridley, the Transport Secre-tary, has agreed to commission a flm feasibility study. This will examine the possibility are up of building either a second bridge, or a bored or immersed tunnel close to the existing crossing. This study is due to be completed within in arms

two years but the generally projected cost of a second crossing is generally put at around £100m for a bridge AVERAGE dairy farm income last year was 65 per cent of the level five years ago, lowland sheep and cattle 45 per cent, hill sheep and cattle 80 per cent and complete 180 per cent or £120m or a tunnel. There is a possible third option — the building of a mini-tidal barrage a short distance below the present bridge which could also earry a road-deck. This idea has been submitted to the Department of Enercy by Winney and cereals 160 per cent.

ment of Energy by Wimpey Construction and consultant engineers, W. S. Atkins, pri-marily as a power generation

Furthermore, as a result of

government departmental de-marcation, it wil not form part of the second crossing

part of the second crossing feasibility investigation. But the Transport Department has lef the door slightly ajar for this solution by saying that it other studies demonstrate that it could be worthwhile considering a combined

scheme, then its study may be extended.

Atkins mini-barrage plus road-deck is estimated at some

£900m at current prices. In power terms it would be

capable of generating 1,050 Mw at a cost of £365 per megawait hour. But for the moment, official attention is

concentrated upon the far more ambitions Severn bar-

rage scheme proposed between Lavernock Point, near Penarth, to Weston Supermare in Somerset.

This project is being in-

vestigated by the Severn Tidal Power Group, a consortium of five major engineering companies, who have secured

Government backing for a £500,000 study which is due to be completed this autumn.

They are working out if such a barrage could be built and

run by private interests, starting construction in 1991

with a view to opening the

Again, the prime purpose of this barrage would be power generation. The initial investigation undertaken by a

committee headed by Sir Hermann Bondi, the former government Chief Scientist. recommended that it should

be built in the national in-

terest. They estimated the cost at £6bn, but stressed it would be capable of meeting 6 per cent of UK electricity

But this barrage too could carry a road and, it is being

that it would serve adequately as a second Severn traffic

crossing; adding only a few miles to journeys between West Wales and South-east England as well as shortening

the travel distance between Wales and the South-west.

barrage in the year 2000.

The cost of the Wimpey-

Together with the special treatment extended to the Irish dairy industry, these figures explain in a nutshell, the widespread demonstration by Welsh producers against this year's drastic EEC measures aimed at curbing milk surpluses culminated. drastic EEC measures aimed at curbing milk surpluses, culminating in the "seige of Llangadog" when Mr Michael Jopling, the Minister of Agriculture, was prevented leaving a West Wales village at the centre of the Welsh Gairy industry for three hours by a farmers' blockade.

#### **Agriculture**

Milk production accounts for some 46 per cent of Welsh agricultural output, followed by beef (17 per cent) and sheep (16 per cent). It is the most important activity in an indus-try which makes a 4 per cent contribution to the Welsh GNP and which is responsible for 5.5 per cent of Welsh employment. Over the past decade the number of Welsh milk producers has fallen dramatically, from 13,172 in 1973 to 7,428 last year. But significantly the number of milking cows in Wales has increased from 371,000 to 377,000 over the same period. In other words, there

has been a concentration into larger more efficient units, particularly over the past two years. Between 1981 and 1983, the amount of milk sold off Welsh farms rose by 13.4 per weish farms rose by 13.2 percent.

The deal requires dairy farmers to cut back milk production by 9 per cent of their 1983 output, with no compensatory increase in the milk price. Indeed, there will be additional deductions

additional deductions. Together with inflation in the cost of inputs of 6-7 per cent, the new dairy regime will, in the words of a Farmers' Union of Words of a Farmers' Union of Wales report "have a devastating effect on dairy farm incomes during the coming year. Unlike their Continental counterparts, many of whom have jobs outside farming, dairy farmers in Wales are in the main fulltime and are totally dependent on farm income for their livelihood,"

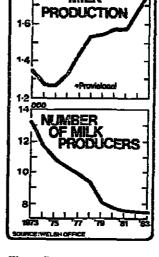
The Government has set aside a sharp exodus of producers adding only a few journeys between les and South-east s well as shortening I distance between I the South-west.

Robin Reeves

The Government has set aside a sharp exodus of producers and marked decline in output to help hardship cases. These will include dairy farmers hit by effects for the milk processing industry — 80 redundancies were announced among workers will distance between the South-west.

Robin Reeves

The Government has set aside a sharp exodus of producers and marked decline in output the will have serious knock-on in the first and those caught in the middle of major capital expenditure programmes. Claims are being invited by July and they will be dealt with by specially-created tribunals.



Government hoping to help smaller producers by redistributing a further 21 per cent of the quotas to those with 40 cows or under from dairy farmers taking up the "Outgoers Scheme"—an offer of £650 a cow compensation, payable over five years, to producers agreeing to give up dairying.
It remains to be seen how

many producers take advantage of the scheme. The difficulty in many parts of Wales is that scope for alternative enterprises which could give a comparable income is limited

That said, just prior to the infamous Brussels milk deal, the EEC did agree to a long pressed for extension of less favoured area status from 57 per cent to 80 per cent of the land area of Wales.

The newly-waslisting areas

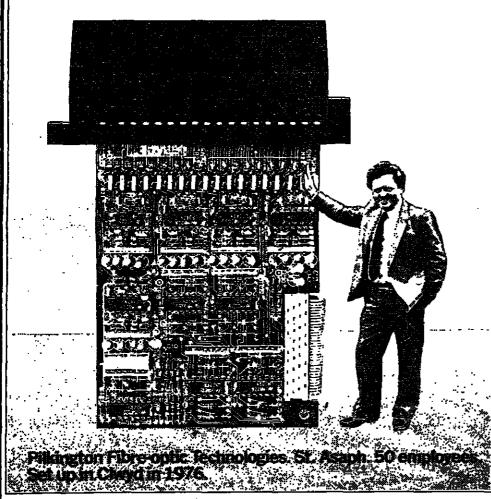
The newly-qualifying areas cover a large part of the relatively poor quality land used for milk in south West Wales, notably North Carmathen and the Teifi valley. Farms in these areas will now qualify for higher rates of capital grant towards new investments, and from January 1, next year, for headage payments on cattle and sheep at half the rate in the original mountain and hill farm

In short, while the profitability of milk is being reduced, the profitability of other live-stock enterprises in these areas is being increased; though there will also be small incentive to remain in milk in the form of remain in milk in the form of per cent rebate on the coresponsibility levy on the out-put of the first 15 cows.

Welsh farmers are also well aware that EEC regimes guaranteeing sheep and beef cattle prices are by no means secure. The variable premium scheme for sheep and cattle, which have served Welsh producers well in recent years both suffer from the disadvantage. tage that they are special to the UK, and therefore under continual pressure from other Market agriculture

ministers,
But should this year's upheaval on the economics of Welsh milk production lead to The Government has set aside a sharp exodus of producers

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POSITION

# Expansion gathers pace

WALES'S BID to carve out a significant stake in the burgeonig electronics industry has 75 per cent share in the comtake a significant step forward over the past year.

Notable new arrivals include the Japanese Sharp Corporation which is building a video recorder manufacturing facility at Wrexham, the U.S. Comdial Communications Corporation which is establishing an automated plant near Cardiff to produce advanced telecom-nunications equipment; and the Parrot Corporation which is building Britain's first fully-integrated floppy disc manu-facturing plant at Cwmbran Gwent.

There have also been a range of smaller developments and some significant expansions by existing, well-established com-

The Welsh Office Industry
Department calculates that
there are now 100 companies
in the electronics sector in Wales employing about 14,000

But equally, recent events have underlined that sections of the electronics industry are a high risk business and the growth and expansion are by no means guaranteed. The recent news that Dragon Data has been driven into receivership was particularly salutory. Spawned in 1982 as a major

diversification by the toy group, Mettov, the company's Dragon 32 home computer parent's ability to formatter and secured from IBM and Acorn, which is due to create 350 jobs. parent's ability to finance its expansion and a majority stake

of potential purchasers among facility. Well aware of the them the Tandy Corporation of the U.S. But them tion, of the U.S. But there are doubts whether the manufactor to allow the computer side turing facility at Kenfig Hill, to dominate its fortunes. pear Port Talbot which employs 150, will survive.

future direction of Wales's tion to build Britain's first fully most famous electronics com-pany. Inmos six years after it facturing plant at Cwmbran. was launched as a major state. The £7m project by a number backed venture, lnmos is now of former senior personnel of

Inmos has plans to build a second facility, costing £20m, close to its Newport plant to assemble microchips. But further expansion depends upon the company securing fresh cash resources and this cannot be done until a buyer (or buyers) approved of by the Government comes forward.

Against these uncertainties, another home-grown electronics group, AB Electronics Products, has been going from strength to strength. At the last count six month profits had soared by more than 150 per cent to £2.4m while sales were up by 80 per cent to £29.7m.

# **Electronics**

The company is expanding on a broad front developing manufacturing assemblies components automotive electronics, defence, telecommunications and cable and satellite television.

A major new computer manufacturing complex is being created at Rogerstone, Gwent, to handle major assembly con-tracts secured from IBM and

A new factory is also being built at Cardiff to produce the in the company was purchased automotive electronic products by a consortium which include for which the company has a Prutech and the Welsh major contract from Jaguar, Development Agency. There is still a hope that the pridd, work is well advanced

headline-catching Another 50, will survice. development has been the
Another instance is the decision by the Parrot Corpora-

pany held by the British Technology Group.

The Spansiel Technology Group.

The financial package required was put together by the Welsh Development Agency and involves major City insti/utional funds. The company stressed that it added up to an offer they could not refuse — a more attractive package than they could have raised in the U.S., the originally-planned location for the venture This deal tended to over-

shadow an even more substan-tial expansion a few miles away by Control Data which established an important presence in Wales 10 years ago. This year it is investing some £14m to expand production not only on floppy discs, but also computer tape and hard discs.

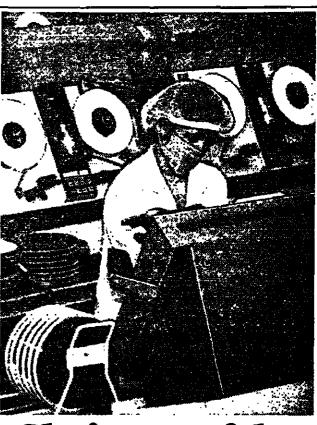
Not surprisingly, much of the electronics growth is in South Wales. The M4 provides a natural extension for the electronics growth in the area between London and Bristol. One company, planning to

provide an essential service for micro-chip design teams along the whole M4 corridor and beyond, is Align-Rite Corporation which is establishing a facility at Bridgend to produce photo-masks used in the manu-facture of chips. Cifer has just taken advan

tage of the grant aid package available in Wales to establish a manufacturing unit for its range of business computers at Cwmbran.

But significant developments are also taking place in North Wales. Apart from Sharp's major investment at Wrexham. Pilkington Fibre-Optic nologies is expanding fast to meet the demand for short hau fibre-optic cable and its own brand of electronics packages for use in data communications systems. The company has just moved into substantially large: premises. According to a recent survey

by a research organisation Electronics Location File, morcompanies are now inclined to opt for Wales rather than Scot land to establish a new many



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the world's largest independent manufacturer of peripheral equipment, Control Data is a major UK supplier of tape and disk systems, including the new Storage-Master range for microcomputers.

If you would like to know more, please call Jill Gregory on 01-240 3400 (extension 3180) or write to her at:

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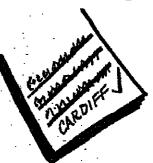
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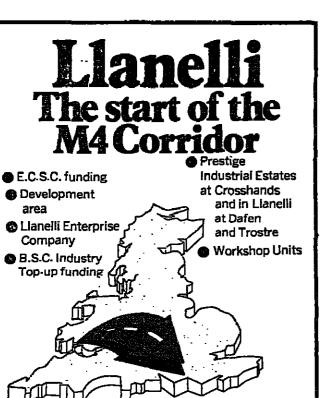
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# Customs' stance 'jeopardising investment'

The listed Pheasantry restaurant as finance houses. in Chelsea's Kings Road and The project is expected to Cardiff's docklands would involve an investment of beappear to have nothing in comtween film and film and furmon. Yet there is a link. For the ther funds will be raised from company which undertook the banks and other financial instirecent reconstruction and re-furbishment of the Pheasantry—the Bristol-based Pearce Group—is to be the developer and operator of Wales' first free-port, adjacent Roath Docks. Cardiff is one of six sites chosen by the Government in

February to become Britain's

first freeports. Although the selection was made on political and regional grounds the inclusion of Cardiff took most people by surprise. If Wales were to get one at all, Swansea was the obvious front swansea was the obvious front runner. Indeed the application for Cardiff was low key compared with the detailed proposals submitted by Swansea and only one consortium, headed by Pearce Group, bothered to apply.

apply.

The consortium included several Welsh companies—quantity surveyors I. E. Symonds and two architectural partnerships— Lawray and Dale Kennedy. Consultant engineers are Ove Arup and there are two letting

weish Develop
Agency (WDA) but
Cardiff Freeport is negotiating a
price for acquiring it. There
are some 40 acres of which 32
are usable. Cardiff Freeport
which is to be developed by a
wholly private group. Elsewhere either the port or airport
authority or local council is
involved, sometimes
univate particular are used to acres.
Cardiff freeport is the council is
involved, sometimes

The Pearce consortium as such has now been disbanded and replaced by a newly constructed on a pre-let basis registered company, Cardiff in keeping with demand. The Freeport Limited. The initial first units are expected to be share capital of £100,000 is ready in about a year.

Wholly owned by the Pearce For the time being, however, Cardiff libe the other proposed. project. It will be an expanded

banks and other financial insti-tutions. The Government has made clear that freeports will have to be self-financing. There will be none of theincentive, available to enterprise zone. but individual companies wil-be eligible for the same development grants and loans from the European Coal and Steel Community available to anyone else setting up in the Cardiff area.

One of the problems threaten-

ing investment, however, is the short duration of the licence under which all freeports will operate—five years. All six deevlopers are lobbying the Treasury to get this changed so that the land at least is per-manently designated a freezone.

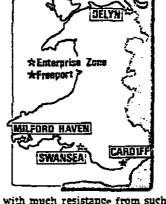
# Cardiff freeport

Tremorfa foreshore close by agents in the group. Debenham Roath Docks is on the reclaimed Tewson and Chinnocks will be land of the former East Moors responsible for securing over-steel plant. The land, which is seas clients and the locally fully serviced and landscaped,

authority or local council is port facility and a heliport on-involved, sometimes with site. It is also within easy private partners.

access of both the M4 and M50. The operator plans to build "bespoke" units which will be

For the time being, however, Cardiff like the other proposed Group but the intention is that Cardiff like the other proposed part of the equity will be taken freports is in a state of limbo up by the other partners in the awaiting government legislation awaiting government legislation to establish them as legal group to include, for instance, entities. The whole process of whoever comes in to operate establishing freeports in Britain the bonded warehouse as well has been tortuous from the start



with much resistance from such key bodies as the Customs and Excise authorities. The Excise authorities. The Treasury's attitude has also been lukewarm and even now freports are being undertaken on an essentially experimental

The developers want the legislation to actually deliver registation to actually deliver the advantages inherent in the freeport concept. But, according to Mr Kenith Carroll project manager of Cardiff Freeport, the Customs authorities are proving too inflexible in their interpretation of the proposed regulations. These is proposed regulations. There is he argues, a real danger that Customs will "kill the freeport concept before it gets on the ground."

He points out that the ideal freeport company importing all its raw materials, processing them in the freezone and then exporting all its output are fairly thin on the ground. Most freeports nowadays comprise a mixture of exporters and those selling to the domestic market To the latter group the deferral of VAT payments is as important as the delayed payment of import duties.

This cash flow benefit will become all the more important from October 1 when VAT payments on imports will have to be paid within one month of becoming due instead of the present three months. It should thus he an additional advantage to freezone operation but Customs insist that the supply of goods between companies of goods between companies within the freeport should be subject to VAT even if the eventual user is an exporter. Mr Carroll says this interpretation is discouraging potential clients, particularly electronic companies.

Until such issues are resolved freeport developers like Mr Carroll are unable to do any real marketing. "How can we when we're not sure yet what we're promoting? At present Customs seems to be changing

Margaret Hughes

ROBIN REEVES PROFILES A SCHEME TO BREED ENTREPRENEURS

# Bright idea for inventors

IT HAS been a long-standing complaint that large numbers of British inventions and in-novations end up being best exploited by Britain's lodus-trial competitors. A recent study by the Japanese Government of the sources of post-war industrial growth, showed 52 per cent were in-vented in Britain, 22 per cent in the U.S. and only 6 per cent in Japan. But, needless to say, this is not reflected in the three countries' respec-tive economic performances. Cardiff University Industry

Centre has launched an initi-ative aimed at tackling the problem. CUIC was launched seven years ago, to act as a link between the university and industry and to transfer ideas from the lab to the commercial world. It now wants to establish a Elm Centre for Innovation Studies, to equip students and even school-children with the entre-preneurial thinking and skills required to develop new prorequired to develop new pro-ducts and services commer-

Study courses designed by CUIC draw on its own experi-ence of launching new products: on experiments in teaching innovation at three feaching innovation at three Glamorgan schools carried out with financial backing from BP and the Department of Trade and Industry: and ou discussions in the U.S. with the Massachusetts Institute of Technology.

Technology.
The centre plans to approach financial institutions, large companies and charities for funding to introduce the teaching of innova-tion on a permanent basis



both in the university and at Welsh schools.

The proposed courses are divided into three parts. The first will be business studies to equip students with a basic understanding of how a business operates, how to build a business strategy and how to present it to a bank manual property of the courses of temporation.

But most students are in the position of good athletes who have never been given any athletics training to fulfill their potential. The courses to be a business strategy and how to present it to a bank manual property of the problems of temporation. Welsh schools.

The proposed courses are divided into three parts. The first will be business studies to equip students with a basic understanding of how a business operates, how to build a business strategy and how to present it to a bank manager.

The second part will include studies of how the op-portunities for innovation of new products and services arise, there being hasically arise, there being basically four route problems which can be solved by a new products or services which can be done better; changes in social needs or legislation; and extension of existing business.

The third part will teach students lateral thinking—to come up with large quantities of ideas for new products and services which are then appraised for quality.

Ar Clive Jones manager of spiransed for quality.

Mr Clive Jones, manager of CUIC, says the centre's experience shows clearly that the entrepreneurial spirit is very much alive and well.

the problems of innovation.

Pilot courses are in he hanched this autumn at the university and two South Wales schools for students willing to parsue the subject in between their normal studies. But substantially more resources are required; to put the scheme on a parsumant footing.

CUIC is not along in spean.

(CO

cutc is not alone in seeing the need for such an initiative. The launching of Whatesh under the umberla of the Weish Development Agency, to make Wales more technology friendly and encourage nology friendly and encourage the growth of new technology companies, reflects similar thinking. There are also moves afoot in Swansan to establish a school of funova-tion. A charity, the Alexan-drian Foundation, has been founded for the purpose.

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Bahamas. A barrister who has spent much of his working life in Singapore and still includes Prime Minister Lee Kuan Yew among his closest friends. Not quite the sort of people you'd expect to run into in the sleepy market town of Haverfordwest in Pembrokeshire.

Yet two such gentlemen—Mr Peter Davies (a Welsh speaker) and Mr John Lloyd—run Pem-brokeshire Business Initiative whose task, among others, it is to get Wales' newest enterprise zone off the ground at nearby Milford Haven. Launched officially last month

publicity and marketing, the

industry has climbed to second

Tourist Board continues to act as the

catalyst in furthering the development of.

tourism opportunities.
Working closely with such helpful team-mates.

as the Welsh Development Agency, Mid Wales. Development and the Local Authorities, the

Wales Tourist Board is a useful go-between in a wide range of enterprises: A spectacular and

current example is the development of marinas

around the Weish coastline. These, together with

the opportunities in other sectors, affer

Tough test for Milford Haven AN INTERNATIONAL banker by Secretary of State for Wales ceived firm inquiries from some used to running Barclays Nicholas Edwards, Milford 30 companies (and not one-man available for 10 years only from branches in such far flung Haven is Wales' third enterplaces as Nigeria and the prise zone. Because it traverses Among the proposed projects whole site so that Swansea only two district councils-Preseli on the north shore of the haven and South Pembrokeshire on the south shore-management

of the zone has been delegated under a three-year contract to PBI, an enterprise agency set up only last year. The other two enterprise zones — Delyn in Flint and Swansea—are run their respective local authorities.

Milford Haven differs from the other two enterprise zones in being also more fragmented. It comprises 330 acres on the two shores in 13 different sites. Less of the land is owned by the local authorities than elsewhere some 42 per cent is in a variety of private hands. Much of it is former dockland includ-ing the former Royal Naval dockyard. There are existing facilities on several of the sites,

others are green field and some land has still to be reclaimed. Some 50 companies are already operating within the zone in facilities which existed before it was designated. But unlike Swansea, Milford Haven does not have the same scope for relocating existing local industries within the zone are virtually non existent. The challenge, therefore, will be in luring new companies to the

Several of the sites have deep water access to one of the world's finst natural harbours the advantage of facilities and established when Milford Haven became a major oil port. A daily ferry runs between Ross-lare n Ireland and Pembroke Dock with ro-ro freight services. Hhere is a freight rail terminal at Milford Haven and this could be upgraded,

Air and road communications are less good. The airport at nearby Withybush can take only light aircraft and once off the M4, south of Carmarthen, it is still very much a case of winding Welsh roads although improvement are underway. provement are underway.

But none of this dampens the enthusiasm of Messrs Davies and Lloyd who are only to well aware of the need for invest-ment and jobs in an area where there are cases of third genera-tion unemployment. Despite the closure of the Esso refinery and the general running down of the oil industry there is still optimism that the area can be rejuvenated.

Some hopes are pinned on a resurgence of Celtic Sea oil exploration. More realistic aspirations, shared by the men at the PBL is the area's unloubted tourist potential Indeed the first new project to be undertaken in the enterprise tone will be a marina by Crest Nicholson which is expected to timulate further tourism and leisure development,

Although it is still early days yet Mr Lloyd says he has re- ing asset,

which he and Mr Davies are fairly confident will come to fruition are two based on local raw materials.

# **Enterprise zones**

One is for the production of "fetta" cheese, whose backers have reached a pricing deal with the Milk Marketing Board and have persuaded some local farmers to switch to ewes' milk to the Milk Marketing Board as it was designated in July of last year. production.

Another ventures envisages selling some 2m litres a day On a grander scale Seat, the

Spanish state-owned motor company, which is planning to sell 30,000 cars next year in Britain, is being wooed.

Lonrho has just won the franchise for importing the cars and the Milford Haven Enter-

prise Zone hopes it will use its ro-ro facilities and rail links. Were the Seat plan to succeed the zone would be pulling off a coup worthy of its Swansea rival, generally acknowledged to be the most successful—as well as the first — enterprise

zone in Britain. Enthusiasm and energy is in no short supply in Swansea where responsibility for the zone is shared by the local year designation limit.

authority's planning department, under Mr Maurice
Howell, and the Swapsea Centre total operating in the zone to for Trade and Industry, under 68 and created 211 new jobs Mr Roger Warren-Evans. The bringing the total employment big names which Swansez has attracted include Renault and Ford dealerships as well as Marks and Spencer and Tesco. There is a good mixture of manufacturing, retailing and

There are now 119 companies operating within the zone. Ninety nine of these moved there after it became a designated enterprise zone in June 1981. Of these 63 are new ventures, 37 new start ups and the rest new branches. Half of the new branches are offshoots of companies not previously operating in the area with 31 per cent of them coming from

Of the 36 companies which have relocated to the zone, the majority-30-were previously in the Swansea area. Only two ies have come from outside Wales. Investment to date is £14.3m, of which £11.5m is private. Another £4.7m is expected to be committed shortly, bringing the

total to over £19m Having got off to a dynamic start Swansea's problem is to maintain the momentum. It is by far the largest of Wales' three enterprise zones and as the oldest is becoming aware that its incentives are a declin-

has seven years left on most of its zone. While Swansea may worrying about getting its site filled up the Delyn enterprise zone has just the opposite problem. It can't keep pace with

Courtauld's textile mills, ran our of available units almost as soon as it was designated in July of last year. The Welsh Development Agency (WDA) has a few empty units on the Manor Park site whilst a private declaration. selling some 2m litres a day development by David McLean's of bottled water to the Middle of 13,000 square feet, due for completion shortly, should re-

lieve some of the burden. Delyn was a victim of last year's moratorium on local authority spending which held up the massive demolition and clearance work it has to undertake to get its zone into shope, It has committed some £4m of which about a third was urban development grants, a third from the WDA and the rest its own local authority funds.

Mr Michael Gibson, the Delyn enterprise zone officer says that the development is entering a "crucial" stage. Any hold up in funds could delay the project for at least a year, which is indeed crucial, given the 10

total operating in the zone to 68 and created 211 new jobs

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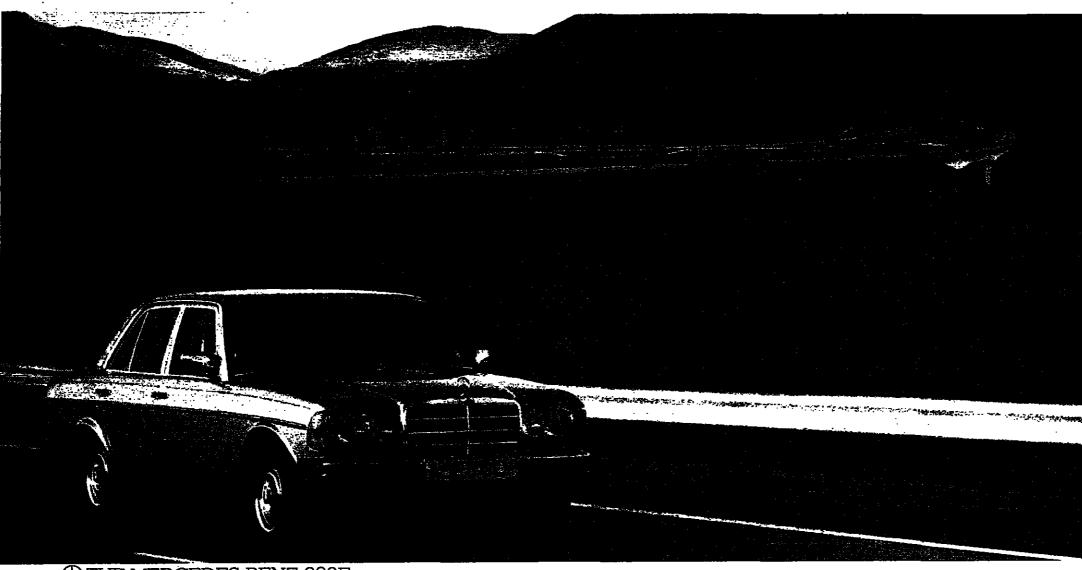
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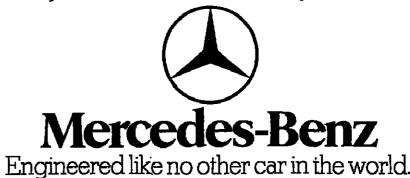
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# Dock strike talks open after ruling backs union

BY OUR LABOUR AND INDUSTRIAL STAFF

docks strike are to meet today in to registered men. London for fresh talks in an attempt to settle the dispute. Since Employers immediately issued a the strike - called by the Transport statement saying it was willing to and General Workers Union - began on Tuesday, the movement of freight at most of Britain's major ports has stopped.

The talks were offered by the national dock employers after a condemnation yesterday by the National Dock Labour Board of British Steel, the state-owned corporation, for using non-registered labour to unload iron ore at the east coast of the scheme - in an attempt to port of Immingham.

Registered dockers at the port had refused to handle the ore in support of the striking coal miners. British Steel's action led to the

The board said that British Steel had been wrong to use non-registered labour. It would be consulting its lawyers to determine whether there had been a breach of the port said last night: "We are ac

THE TWO sides in the national which guaranteed jobs at the port verted lorry drivers were being ad-

The National Association of Port honour its obligations under the labour code. Its executive committee said: "It has never been part of the employers' policy to act outside the terms of the scheme."

Most of Britain's large ports are included in the registered labour scheme and the strike call has been effective at these. Pickets have been sent to other ports - not part make the strike more effective. At Felixtowe harbour, Britain's privately-owned major port for con-tainer traffic which has continued to work, a mass meeting has been called for today.

At Dover, another large non-registered port, there was a huge build-up yesterday as freight traffic was diverted to it. But a spokesman for the national docks labour scheme, cepting only Dover dock traffic." Di-

vised that their vehicles could not be taken on the Dover ferries.

Holiday ferries have not been directly affected and the TGWU has said that special consideration might be given but that there would be no blanket dispensation. Trouble might arise if attempts were made to load freight on to passenger fer-

terday endorsed the 17-week-old coal strike as official

A rapid settlement to the dispute at talks with the National Coal Board (NCB) which resume next week seems remote. A conference of National Union of Mineworkers' (NUM) delegates ended yesterday at Sheffield, Yorkshire, in a militant mood. The conference voted unanimously for an uncompromising resolution to oppose all pit closures other than on grounds of coal ex-

The inevitable strike, Page 18

Max Wilkinson finds analysts asking whether Thatcher has lost her touch

# Sterling returns to a familiar old crisis

SUDDENLY AMERICANS are This weakness appeared yester-looking at their newspapers and day to have been countered by the back into the bad old days of the

An old fashioned sterling crisis, the pound rescued by a rise in inter-est rates of nearly 3 percentage points, the miners and dockers on strike and the money supply causing more than a twinge of anxiety. Has Maggie lost her touch? they want to know.

Mr Stephen Lewis, monetary an-alyst for the broker Phillips and Drew, said this was the basic question behind a stream of telephone calls which he has been taking from the U.S. in the last few days.

They want to know if the UK is slipping back into the old groove and if all the efforts of Mrs Thatcher over the last few years are coming to nothing,"

On this view it is not so much a change of sentiment about the strength of the UK economy as a sudden rush of uncertainty which has contributed to the weakness of sterling during the last two weeks.

ringing up their London brokers to sharp rise in interest rates, with find out whether Britain is sinking clearing bank base rates up 2% percentage points since Friday to 12 per cent, their highest for two

> However, the markets remained extremely nervous, with equity prices tumbling steeply and yields on Government bonds rising.

The question which was being asked on Friday when base rates rose by % percentage points to 10 per cent was being asked again yes-terday. "Will it be enough?"

The answer, with UK interest rates now close to those in the U.S. and about 6 percentage points higher than West German rates, was generally that the peak must have been reached unless there are up-

The factors which could upset the uneasy equilibrium between UK interest rates and sterling are evidence that the combined strength of the dockers and the miners might seriously disrupt Britain's balance of trade, or harder evidence that

The extent to which bad news on either front would increase pressure on sterling and UK interest rates is hard to predict. It clear that Wednesday's 2 percentage points rise in base rates already represents a degree of market pessi-

Moreover, it is difficult for the markets to guess what might happen while causes of the recent rise in UK interest rates remain ob-

Two weeks ago the Bank of England issued a statement that it saw no domestic reason for a rise in UK lending rates. In spite of Tuesday's figures showing a 2 per cent surge in June for sterling M3, the broad measure of the money supply, the authorities' view yesterday seemed to be broadly unchanged.

Although the Bank of England endorsed the rises in interest rates, it made it clear that it was doing so reluctantly. In a television inter- rates to rise as high as 12 per cent view on Wednesday and in the and would have countenanced at House of Commons yesterday, Mr least some further fall in sterling if Nigel Lawson the Chancellor of the the markets had permitted it.

The official line remains that the markets now determine interest rates, with the Bank of England exercising a major influence, although not the determining role.

Although this is politically a convenient line to take, few people in the market think that a clearing bank would raise its base lending rate without clearing the new figure first with the Bank of England and hence the Treasury.

The authorities' attitude, therefore, remains somewhat puzzling. Two weeks ago the Bank of Eng-land was sympathetic to the view that a moderate fall in sterling would be preferable to a rise in domestic interest rates, while the Treasury was rather more sharply concerned about the inflationary impact of a depreciating pound.

However, there were strong signals from Whitehall yesterday, that the Treasury did not want interest



The rise in mortgage rates, now expected to be 24 percentage points, will add about 0.6 per cent to the Retail Price Index by the end of the year. This might have, psycho logically at least, a worse impact on inflation than the more delayed im-pact of a fall in sterling. According to Treasury estimates, a 5 per cent depreciation of sterling against its trade weighted basket of currencies adds about 1 per cent to prices after about a year.

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# BT will seek overseas bids for System X alternative

BY GUY DE JONQUIERES

the British digital public telephone General Electric Company, later tal of 19 different types of ex-

It is expected to invite three or four leading telecommunications manufacturers to submit tenders for local exchanges, which will be adjudicated next spring. First equipment deliveries would be made in early to mid-1986.

BT has not yet specified the pre-cise size of the initial order, although it is seeking to place at least 10 per cent of its exchange purchases over the next few years with an alternative to System X.

At least part of the non-System X purchases will represent an expansion of existing procurement plans. These call for the installation of 900 System X local exchanges, or 2m

The list includes Thorn-Ericsson and Standard Telephones and Cables (STC) of Britain, Canada's Northern Telecom, France's CIT Alcatel, West Germany's Siemens and TMC Major Systems, a UK subsid-

iary of the Dutch Philips group. Thorn-Ericsson is offering the AXE system designed by its joint owner, L.M. Ericsson of Sweden; STC the System 12 exchange developed by ITT of the U.S., and TMC the No 5 ESS exchange developed by American Telephone and Telegraph (AT&T) and marketed inter-

nationally by AT&T and Philips. BT made clear some time ago that it wanted eventually to buy a proval carries much international second type of exchange, to ensure

BRITISH TELECOM (BT) plans to seek international bids to supply it with an alternative to System X. The invited bidders will be drawn that System X's price and performance remained competitive. It had not been expected to act so quickly. It is committed to buying System exchange made by Plessey and the is evaluating after examining a to- X for "the majority" of its public exchange needs until April next year. Procurement from GEC and Plessey was placed on a competitive

tender basis 18 months ago, although this has been used so far for only one round or orders for local System X exchanges.

BT is not the only European telecommunications administration to have decided to order more than one digital exchange system. It is

the first in a major country, how-

ever, to seek hids from several in-

ternational suppliers which do not

already make large exchanges lo-Competition for the contract is likely to be fierce. The successful bidder stands to win substantial further orders, and BTs seal of ap-

# **Bus services** will pass to private sector

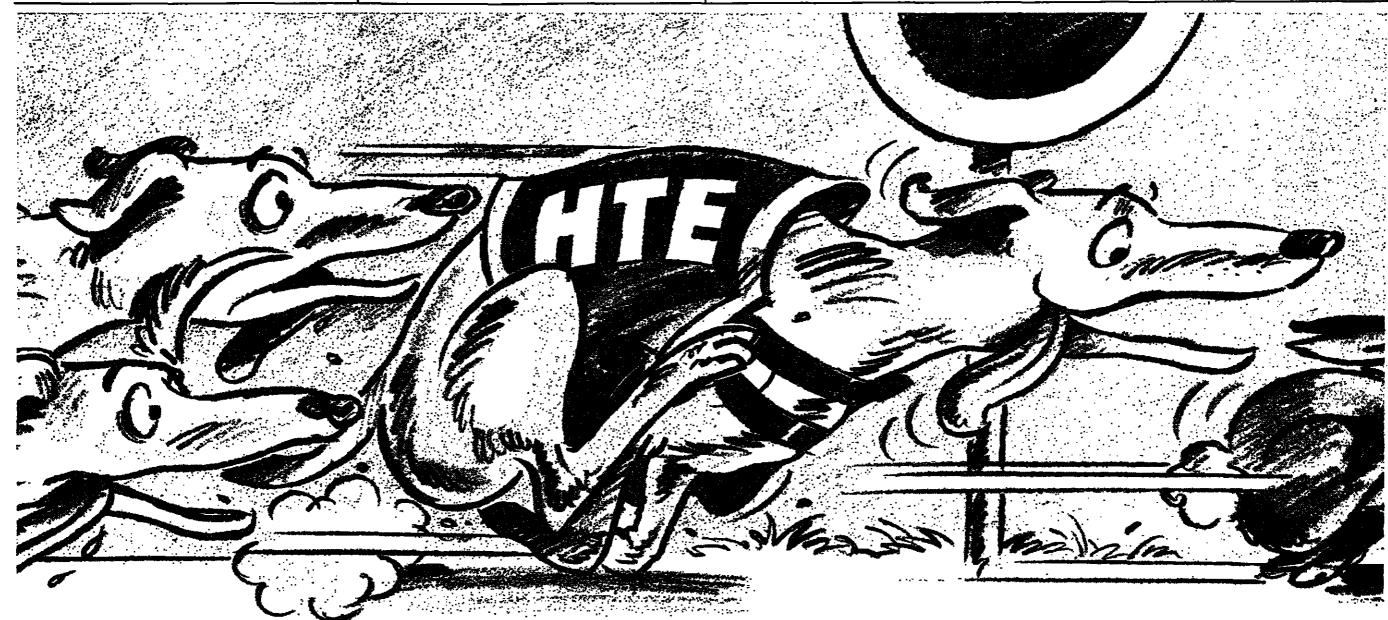
By Hazel Duffy ....

THE GOVERNMENT is proposing to deregulate the bus industry throughout Britain and transfer it to the private sector.

The only exception will be London, where controls on the issuing of operating licences will be re-tained for the time being. Legislation will be introduced at the earlest opportunity.

Local authorities will be free to seek competitive tenders for contracts to run "socially desirable" bus services which they wish to subsidise, but extra resources - up to film a year in England - will be available to help rural services.

Labour opposition MPs in the House of Commons yesterday predicted, that the proposals would deprive many rural areas of the sebus



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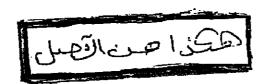
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# THE ARTS

# Week F S Su M Tu W Th 13 14 15 18 17 18 18

# **Opera and Ballet**

The Vienne Chamber Opera perform alternately Johann Strauss' Wiener But and Mozart's La Finta Giardiniera daily (not Sundays) until August 14, at Schönbrun Palace Thea-

Johann's Strauss' Die Fledermaus conducted by Rudolf Bibl, at the Staatsoper, Monday and Wednes-

day.

F. Contl's David performed by the Ensemble Musique Antique conducted by Bernhard Klebel, at the Universi-ty Church, Dr. Ignaz-Seipel-Platz. On Monday and Thursday. (340099).

Milan: Teatro alla Scala: Donizetti's Lucia di Lammermoor conducted by

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erg, Tamas Vasary and Marisa Ro-

String quartets including the Fitzwilliam, Medici, Arditti and

Brodsky, will also appear, plus the Polish Chamber Orchestra, Nash

Ensemble, London Sinfonietta and

damaged or destroyed many older

buildings, but three which survived

are: the Priory Church of St Bar-

tholomew-the-Great, the oldest Nor-

man priory church in London; St

Peter ad Vincula, built by Henry VIII, which has Queens Anne Bo-

leyn, Catherine Howard and Lady

Jane Grey buried near the altar;

and All Hallows by the Tower, from

which Samuel Pepys watched the

Pepys worshipped in St Olave's

Church. He was baptized in St

Bride's Church, Fleet Street - a

Wren church damaged during the war but since restored, it is also known as the Journalists' Church.

Harvard Radelille Orchestra, conduct-

ed by James Yannatos: Gershwin. Ginastera, Debussy. (Mon 8.30pm).

d'Assas.

Jean-Paul Sevilla, piano variations.

Beethoven, Brahms, Schumann.

(Tue 6.30pm). Townhall of the 5th

Arrondissement, 21 Place Pantheon.

Crawford Young, late, Dominique Vel-lard, tenor, Randy Cook, hurdy-gur-dy: The Lute in Medieval Times (Wed 6.30pm). Müsée Carnavalet, 23

Rue Sevigne.

Ensemble Intercontemporain, conducted by Michael Schonwandt and Philippe Manoury: Claude Ballif's 5th Imaginary. (Wed 8.30pm). St Merri Church, 78 Rue St Martin.

Free entry.

Ensemble Intercontemporain, conducted by Michael Schonwandt C.
Ballif, Webern, Schönberg, (Thur
8.30pm). St Merri Church.

LONDON

JVC/Capital Radio lazz Parade: A week of jazz on the South Bank starts on Monday at the Royal Festival Hall with B. B. King Blues Band, and continues all week with Miles Davis on Tuesday, Dave Brubeck and Tania Maria on Wednesday, and the Lional Hampton Orchestra Gala Night on Thursday. (9283191).

fire raging.

Music

The Great Fire of London in 1666

the Grimethorpe Colliery Band.

viil pass

private m

ning a get

Gluseppe Patane, directed by Pier Luigi Pizzi and with costumes by Missoni Luciana Serra, Nella Verri and Lorenzo Gaetani. Friday (80 91 28).

Macerata, Arena Sferisterio (20th op-era season): La Bohéme conducted by Jose Collado and directed by Ken Russell – with Cecilla Gasdia and zzareno Antinori. Friday (40736).

Verona: Arena di Verona (62nd opera festival): Aida – with scenery and costumes based on those used in Cairo in 1913, the year in which the opera had its first performance in the Arena here (Friday). Also Tosca conducted by Daniel Oren, and di-rected by Sylvano Bussotti, sung by Shirley Verrett in the title role with Giacomo Aragall (Cavaradossi) and Silvano Carroli (Scarpia) on Sunday (28 151).

Rome, (Rome Festival): In the Cortile del Collegio Romano Mozart's Mar-riage of Figaro conducted by Fritz Maraffi on Fri, Sat, Wed and Thurs (345 28 45).

Spoleto (27th two world's festival): Teatro Nuovo: Antonio Gades, danc-ing with his own company, in Car-men on Friday, Sat (mat) and Sunday evening. Also Ariadne and Nax-os (sung in German) conducted by Christian Badea and directed by Giulo Chazalettes (Sat) and on Sun-day at 2.00 pm. The Last Savage – a new opera by the founder of the fes-tival, Gian Carlo Menotti: Baldo Podic conducts the Spoleto Festival

City of London Festival

chael's Church, Cornhill

Other Wren churches where con-

Some of the city livery compa-

nies' halls are also being used as

concert halls, notably the Fish-monger's Hall. It is one of the finest

examples of Greek revival style and

houses Annigoni's portrait of the

Queen, the magnificent Goldsmiths

Hall, and the 1959 Barber Surgeon's

Hall, which is dominated by Hol-

bein's painting of Henry VIII unit-

ing the Barbers' Company with the

Another place of interest is the Great Hall, St. Bartholomew's Hos-

pital, with its staircase of wonderful

murals by Hogarth (who was a

governor of the hospital) of the

Good Samaritan and the Pool of

After the opening ceremony in St

Paul's Cathedral on Sunday, the

festival gets under way on Monday with Jorge Bolet playing Haydn and Liszt at hunchtime at Bishops-

gate Hall. This is followed by the

Polish Chamber Orchestra playing

Biber, Elgar, Vivaldi, Rossini and

Britten at the Mansion House (7.30)

and the Fitzwilliam Quartet playing

Sanskritik: 14th Festival of Arts of In-

dia, directed by Birendra Shankar.
A series of five programmes of

songs, music, dance and drums in classical and traditional styles with

artists from different parts of India.

Starts on Tuesday in the Queen Elizabeth Hall and continues all

week (9283191).

Myriam Teie, piano: Mozart, Beethoven, Berg, Chopin, Debussy. Purcell Room (Mon). (9283191).

London Symphony Orchestra, conductor Neville Marriner, Cecile Ousset, piano: Respight, Mendelssohn, Delius, Strauss. Barbican Hall (Tue).

on Concert Orchestra, conductor

Jonathan Del Mar, Anthony Gold-stone, piano: Rossini, Handel, Grieg, Borodin, Tchaikovsky, Ravel. Barbi-

Collegium Cantorum led by Otto Part-mann with Gabriele Hafner, sopra-no; Birgit Greiner, contralto; Freder-ick Green, tenor and Rudolf Kostas,

hass, Rossini's Petite Messe Sole

nelle. Minoritenkirche, Monday.

Rheinland-Pfalz State Philharmonic

Orchestra conducted by Gunther Wich with soloist Anne Leek, oboe.

Richard Strauss' oboe concerto and

Beethoven's 7th Symphony, Tues-day. Rheinland-Pfalz State Philhar-

monic Orchestra conducted by Kurt Woss performs Bruckner's 5th Sym-phony, Thursday, Both at City Hall Arcade Court. (42800/2085 2095).

can Hall (Wed). (638 8691).

eek (9283191).

(6388891).

Fellowship of Surgeons in 1540.

certs are being held are St Mary ple Hall.

Abchurch, the least altered of all. St

On To

Mary at Church Hill and St Mi- play Mozart, Faure Weber and Rav-

and Beethoven

Choir. At the Teatro Cain Melisso: Francesco Cavalli's l'Ormindo with the Chamber Opera Theatre of New York on Saturday. Festival Box Offices: Rome 6784961 and Spoleto: 39209.

#### PARIS

Paris Opera: Tannhäuser, Werther and a Stravinsky evening are in the repertory this week (7425750).

Opéra Comique-Salle Favart: Manon and a Stockhausen evening alter-nate this week. (29606)1).

#### **WEST GERMANY**

Stuttgart, Württembergische Staats-oper: Hans Werner Henze's rarely played Don Quichotte stars Regina Marheineke and Kimmo Lappalainen. Ariadne auf Naxos hes Maria de Francesca Cavazza and Irmgard Stadler in the cast. Philip Glass op-era Echnaton composed especially for the Shuttgart opera and premiered on March 24, is produced by Achim Freyer and has counter-tenor Paul Esswood outstanding in a cast of high standard. Further performances of Rigoletto, sung in Italian, and Die Fiedermaus.

ian, and Die Fledermaus.

Munich, Bayerische Staatsoper: Munich's annual Opera Festival, running from July 4 to 31, opens its third week of performances with La Boheme starring Mirella Freni, Lu-cia Popp and Wolfgang Brendel. Der

Haydn and Mozart in Middle Tem

On Tuesday the Nash Ensemble

el at the Fishmongers Hall. In the

Stationers Hall the Endellion

String Quartet play Mozart, Haydn

At the Baltic Exchange the City of London Sinfonia with John Lill

(piano) play Beethoven, Mendels-sohn, Holst and Mozart on Wednes-

day. Erich Gruenberg, violin/viola,

with John McCabe (piano), perform Elgar, Walton and Schumann at the

Stationers Hall, and the Chilingir

ian String Quartet play Schubert

and Beethoven in the Great Hall, St

On Thursday in the Guildhall Old

Library, the Academy of St Martin

in the Fields with William Bennett

flute, and Marisa Robles, harp, play

Haydn, Mozart and Debussy. The

Amaryllis Consort perform madri

gals, lute songs and solos by John

Downland and his contemporaries

in St Michael's Church, Cornhill. The Chamber Orchestra of Europe Wind Soloists play Mozart, Stra-

vinsky and Dvorak in St Botolph's

Church: and the Delme String

Quartet play Wolf, Ravel and

Brahms in the Goldsmiths' Hall.

Spoleto: Teatro Caio Melisso: Midday concert every day (on Sunday also

Bome: In the Piazza del Campidoglio: Music by Gershwin including An American in Paris and selections

no Alpha Brawner-Floyd and bari-

ton Benjamin Matthews, Friday 9.30

pm; Wednesday, Handel, Rossini and Mozart played by the S. Cecilia

Chamber Orchestra and on Thurs-

day, music by Liszt and Berlioz. (Tickets at the Campidoglio from 7.30 on same evening or in Via della Conciliazione 4. 6541044 (9.00am to

**NEW YORK** 

New York Choral Society (Cami Hall): Ray Robinson conducts the West-minster Choir College in a pro-

gramme of Vivaldi and Bach (Tue) and Clara Longstreth conducts the

New Amsterdam Singers in a pro-gramme of Handel and Haydn (Thur). 57th & 7th Av (873 0096).

CHICAGO

Ravinia Festival: Dimitris Sgouros pi-

ano recital. Scarlatti, Chopin, Liszt, Brahms, Balakirev (Mon); Ray Charles (Tue); Preservation Hall

Jazz Band (Wed); Chicago Symphony. Maxim Shostakovich conducting, Bella Davidovich plano. Rachmaninov, Shostakovich (Thur). Highland Park (7284642).

Box Office: 236 2801.

Bartholomew's Hospital.

Barbier von Bagdad is an Otto Schenk production which brings to-gether Lucia Popp, Kurt Moll and Claes H. Ahnsjö. The praised new production by August Everding of Honegger's Johanna auf dem Schelen has Cornelia Wulkopf and Julia Varady in the leading roles. The final offering this week is Le Nozze di Figaro with Margaret Price. Ann Murray and Hermann

#### LONDON

Coliseum: The Dance Theatre of Harlem continues its visit with mixed programmes, and on Wednesday and Thursday the first perfor-mences of its Giselle staging which is located - according to the pro-gramme - in the Creole society of Louisiana

Royal Opera House, Covent Garden: The Royal Ballet is playing every night, with Manon and The Sleeping Beauty on offer this week.

#### **NEW YORK**

New York City Opera (New York State Theater): The company's 40th sea-son has a week of parformances of Candide, as well as Frank Corsaro's cannote as well as Frank Consar's production of Madame Butterfly, Scott Bergeson conducting The Magic Flute and a subtilled La Boheme with Judith Haddon as Mimi. Lincoln Center (8705570).

# Theatre

Little Shop of Horrors (Comedy): Campy off-Broadway import which is less good than The Rocky Horror Picture Show but which has a curious charm, a full-blown performance from Ellen Greene and an exotically expanding man-eating prickly plant. (930 2578).

Pack of Lies (Lyric): A decent, enthralling play about the breaking of a spy ring in the suburban Ruislip of 1859-60). Hugh Whitemore's script.

1959-60. Hugh Whitemore's script cleverly constructs a drama about betrayal from the friendship of neighbours. The story is based on fact and well directed by Clifford

fact and well directed by Clifford Williams. (437 3686).

The Real Thing (Strand): Susan Penhaligon and Paul Shelley now take the leads in Torn Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143).

Daisy Pulls It Off (Globe): Enjoyable promy derived from the sucid of Application of the sucid of Applications of the sucide of the suci

romp derived from the world of An-gela Brazil novels: gym slips, hockey sticks, a cliff-top rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592). Noises Off (Savoy): The funniest play for years in London, now with an

improved third act. Michael Blake more's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

erjeant Musgrave's Dance (Old Vic): Notable cast headed by Albert Finney, Eileen Atkins and Max Wall in a limited season revival of John Arden's fine play. (9287616). ygmalion (Shaftesbury): Peter

Pygmalion (Shaftesbury): Peter O'Toole is ridiculously mesmerising as Higgins in an otherwise coarse revival of this resiliently entertain ing play. John Thaw is a robust Doo-little, Joyce Carey a fragile Mrs Higgins, Jack Watling a compliant Pick-ering, Jackie Smith-Wood an earthy dubiously Cockney Eliza.

refactors (Vaudeville): Michael enetactors (Vaudeville): Michael Frayn's third play in London – he al-so has Noises Off and his Anouilh translation, Number One, at the Queen's – is a deft, menopausal comedy about love among the ar-chitects as the bottom drops out of the high rise boom in the early 1970s. Michael Blackmore's case are Patricia Hodge, Oliver Cotton, Tim Pigott-Smith and, best of all, Brenda Blethyn. (836 9988).

Romeo and Juliet: Joseph Papp's Shakespeare Festival is performing in the city parks this year the River-side Shakespeare company's ver-sion of Heartbreak in Verona. All performances free with the encou-ragement of bringing a blanket and picnic. (877 6810).

in the Park with George (Booth): Not your conventional mu-(Booth): Not your conventional musical. Stephen Sondheim's latest is an inspired pairing with director and playwright James Lapine to bring George Seurat's painting to life, with Mandy Patinkin as the painter and Bernadette Peters as his imagined girlfriend, Dot. (2395262). Cais (Winter Garden): Still a sellou

Trevor Nunn's production of T. S Eliot children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality.

(2396262). 42nd Street (Majestic): An immodest celebration of the beyday of Broadway in the 30s incorporates gems from the original film like Shuffle Off To Buffalo with the apropriately

Off To Buffalo with the apropriately brash and leggy hoofing by a large chorus line. (977 9020).

Forch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450). Dreamgirls (Imperial): Michael Ben-

nett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (2396200). round Sergio Franchi in this Tonyaward winning musical version of the Fellmi film 8%, which like the

#### WASHINGTON Heary V (Folger): Philip Kerr directs

original celebrates creativity, here as a series of Tommy Tune's exciving scenes. (246 0246).

the resident acting company led by Edward Gero as the charismatic Henry to the field of Agincourt, fac-ing John Wylie as King Charles. Marjory Wright, the wife of the British Ambassador, plays Mistress Quickly, Ends July I. (5464000) Jerry's Girls (Eisenhower): After so many revivels of Heilo Dolly, singer Carol Channing and songwriter Jerry Herman have found a new package for this fruitful collaboration (254 3676).

# Cinema/Nigel Andrews

# Summer madness and mediocrity

Police Academy (15) Warner End, Classic Haymarket and

The Fourth Man (18) Screen on the Hill and Classic Chelsea

The King and Mr Bird (U) ICA from July 20 Mikio Naruse National Film

Two rousing headlines couched in the unique language of "Variety-speak," have lately adorned the front page of America's top entertainment industry magazine, "Hot Pics Clog Release Schedules" and "Pic Production Up 41 per cent Vs '83 For First Half."

This startling twofold package being interpreted, it means that there is a waiting list of new films in the U.S. (with promise of a longer waiting list to come) anxiously jostling for places in cinemas embarrassed by succes -is yet further indication that the threatened death of cinema is as long in coming as the death of Methuselah. Movie theatres usually open their most lukewarm wares in the summer months, with a few scalding exceptions like Indiana Jones, and they expect to free most auditoria well in time for the autumn and winter blockbusters. But in America the numbers of surprise off-season hits and holdovers (including Footloose, Police Academy and Splash) have created a heartening traffic jam, rendered even more bois-terous and bottlenecked by recent openings like Gremlins and Ghostbusters.

(Britain is already feeling the first rumblings of this happy congestion: last week's box-offic takings in London, at a time when midsummer sun and Wimbledon usually conspire to devastate cinemas, were the highest of the whole year.)

Meanwhile the volume of feature film production in America in the first half of 1984 has risen by nearly 50 per cent over the same period for last year: mainly thanks to a huge upsurge from the independent companies who have increased their production rate by 88 per

It is now clear that in many areas of moviedom, hands ini-tially thrown up in horror at the threat of cinema of video, cable and the other futuristic terrors of the 1980s may be put safely and cheerfully back in for the big screen: by encouraging an interest in modern movie stars or styles or sagas among people who had seldom ventured out of their homes before. Now—when they have enjoyed Star Wars or Raiders of the Lost Atk on video-many former non-filmgoers are keen to see their sequels on the big screen rather than wait for their



in Leicester Square seemed as rare and mythic a sight as the Loch Ness Monster. You were likely to be laughed at if you claimed you had seen one. But today they're as regular as clockwork whenever a new Spielberg or Lucas epic materialises, or even a Greystoke, a Splash or a Police Academu.

Local cinemas, of course, in both America and Britain, tell a different story. I caught up with Police Academy this week at my neighbourhood ABC and wondered, as I entered a caver-nous, dim-lit auditorium that seemed completely deserted, if I had stumbled into a lost burial chamber in the Temple of Doom. I finally espied one other patron in the front stalls and four others further back. But even a Monday morning Press show, when critics give chilly maturinal attention to the latest Hollywood comedy, seemed an effervescent proposipockets. There is no reason why tion compared to the under-different media and viewing powered titters emanating systems cannot happily co-exist. around me. I suspect that just Indeed it's quite arguable that as holidaygoers—for reasons video has helped to whet rather initially puzzling—tend to gravithan weaken people's appetite tate to the most crowded beaches, so filmgoers prefer to queue in the West End and pay higher prices, in return for a sense of occasion and shared sense or occasion and shared enjoyment, rather than doom themselves to the darkened sepulchre of their local picture palace.

being drawn thither by wit, invention, colour and energy. But in Police Academy, directed and co-written by Hugh Wilson, they are being drawn merely by a loudmouth retread of the Animal House style of farce-in-an-institution: the institution here being a forcing house for Fuzz in an unnamed American city.

Here is the handsome fasttaiking hero (Steve Guttenberg) who comes on like Catch 22's Milo Minderbinder but is revealed at the end as having a heart of gold. Here is the ethnic all-sorts support-ing cast, including black, ing cast, including black, Hispanic, Latin and female. (Women have become an ethnic group in recent Hollywood movies.) And here is the loud-mouth Sergeant (Bubba Smith) who will be tokenly humiliated before curtain-time, and the head (George Gaynes) who will be joshed and joked at but graciously allowed a last-scene dignity. This film is anti-authori-

tarianism without tears, a tilt at the status quo with rubber-tipped lances. And it climaxes them. in a chilling piece of anythin for a laugh opportunism (which shows that the film's sympa-thies have really been with the status quo all along) as the massed cadets charge out in themselves to the darkened riot gear to quell a disturbulance.

Police Academy is, alas, as it

The reasons for the disturbance aren't given or troubled their sequels on the big screen rather than wait for their delayed and dmiinutive impact on the small.

Some years ago, cinema queues stretching round corners of the movie-houses: they are the first large application of the movie-houses: they are the first large application of the movie-houses. The human direction of the movie-houses: they are their given or troublent their application over. It's enough to place a the first large application over. It's enough to place a the first large application over. It's enough to place a the first large application over. It's enough to place a the first large application over. It's enough to place a the first large application over. It's enough to place a the first large application over. It's enough to place a the first large application over. It's enough to place a the first large application over. It's enough to place a the first large application over. It's enough to place a the first large application over. It's enough to place a streetful of ugly-looking riffication over. It's enough to place a streetful of ugly-looking riffication over. It's enough to place a streetful of ugly-looking riffication over. It's enough to ugly-looking riffing to ugly-looking riffication over. It's enough to ugly-looking

laughter fodder in a comedy about British police trainees called School For Bluebottles or Carry On Hendon.

Elsewhere the week is similarly inauspicious. The Fourth Man is an elaborately screwloose Dutch movie directed by Paul Verhoeven. If you have ever had one of those mornings when, like our writer hero (Jeroen Krabbe), you see visions of spider's webs and crucifixes, when you can't shave without cutting yourself, and when you imagine strangling your spouse or lover with a brassiere, you will know how he feels at the opening of this film. I only experience mornings like this about once a week, generally Mondays, And I certainly never follow it up, like Mr Krabbe, by going on an ill-fated lecturing visit to Flushing and accepting an invitation to the home and bed of a beautiful beauticism (Renee Soutendijk) who has murdered her last three hus-

Made with outré camera angles, Vaseline-diffused skies, stabs of surrealism (a bleeding eve in a hotel door) and enough dream sequences to keep Holland's psychoanalysts in full employ for a year, this is the kind of Expressionist film that gives reticence a good name. It is entirely unclear to me why, or even how, we are expected to identify with the unstable scribbler hero, whose general manner indicates Overanxious of Amsterdam and whose lank hair and lantern face suggest Max Von Sydow after a bount of mud-bathing. The whole shenanigans of sexual paranoia with religious overtones was far better handled, if one wants it handled at all, by Polanski long ago in

Paul Grimault and Jacques Prevert's The King and Mr Bird is a French feature-length cartoon whose Sisyphus vision-enshrined both in its fictive setting, a skyscraping kingdom designed in every architectural style from Venetian to Man-hattan, and in its actual 30-year production history of frustra-tion and revision before the film was completed in 1979— rolls back downhill under the counter-pressure of a senti-mental plot and (in this version) woefully flat American-dubbed voices. There are kings, birds, chimneysweeps, shepherdesses, lions and giant robots, all prettily drawn and coloured. But someone should have taken care to wind up some wit and drama to go with

It's best to gaze lovingly at the films of Mikio Naruse. crafter of limpid Japanese social and domestic drames which are unspeoling during a month-long retrospective at the NFT. Except when he destroys the Ozu layer with some aerosol jets of overreaching pathos,
Naruse displays a clarity and
humanity that every other
director this week could learn

# Takács Quartet/Wigmore Hall

cult to come down to earth on Wednesday for the Takács Quartet. The comparison is deeply unfair—but salutary (it's

one they should be making for quartets of the younger genera-

With the sound of the Borodin Quartet's extraordinary — the magical, blossoming well made account of Haydn's recital on Saturday still ringing in my ears, it was a little diffitonation, the razor-edge energy in the project the music — the magical, blossoming well made account of Haydn's sonority, the perfection of intonation, the razor-edge eneven if to project the music semble—than to what they have. ideally, the playing needed still They have nonetheless, a more of that cut-glass clarity finale, raw and powerful. They great deal: enough to be ranked among the most talented string definition which only long plantst Jenö Jandó for an easy. experience, and endless experi-

the Wigmore next year): the second sordino movement especially, a delicate Scarboesque fantasy, exceptionally pianist Jenö Jandó for an easy, smoothly lyrical account of themselves, and doubtless do, tion, and realistically beside our ment, can achieve.

each day). The attention was own Lindsay or Fitzwilliam. Their Bartók fourth quartet only drawn more closely than They opened their programme usual to what they have not on Wednesday with a serious, playing the complete cycle at tonight at the Wigmore Hall,

# **Exhibitions**

WEST GERMANY Hanover, Restner Museum, Tramml-platz 3: Rgyptian art from 4,000 BC to 1,000 AD is documented by 200 sculptures, objects and photo-graphs. Ends Aug 5. Jerlin, Nationalgallerie, 50 Potsdamer Strasse: The last West German ven-ue of a Max Beckmann retrospec-tion with 300 of largings depugings

tive with 300 oil paintings, drawings, water colours and graphics by the outstanding German expressionist. Ends July 29.

Frankfurt, Städel, 63 Schaumainkai:

Ulrich Rickriem, a contemporary German sculptor, is exhibiting eight stone sculptures from the last two years most never shown before. Ends Aug 18.

ich, Villa Stock, 60 Prinzregentenstrasse: A survey of the work of Os-kar Schlemmer, the German Bauhaus teacher (1838 to 1943). Another exhibition is dedicated to Albert Welti, the Swiss painter (1862 to 1912), concentrating on one of his major paintings and preparatory drawings. Both end Aug. 19.

# ITALY

Venice: Amid continual justified com-plaints about the impossibly short, and inconvenient opening hours of most Italian museums and art gal-leries, the Guggenheim Collection, from having been one of the least accessible, has become the most and will now be open every day (except Tue) from 12 to 6 pm (also Sat from 6 to 9 pm free of charge). The Saturday evening opening is the result of an agreement between the Solomon Guggenheim foundation of New York and Montedison.

LONDON -The Royal Academy: 216th Summer Show - by tradition the event that brings in the London Season, and the middle classes in their masses.

It is always something of a muddle, as would be any show of many hundred works chosen from several thousand sent in. This year, with 1,757 from more than 12,000, the Summer Show is the largest ever. But it is still enjoyable, if you can take the effort to look for the very many good things by Academicians and outsiders alike. The Academy's membership has been gaining in strength over many years, and now has rather more than a fair claim to occupy the centre of the British Art occupy the centre of the British Art Stage Peter Blake, Eduardo Paoloz zi, Allen Jones and John Hoyland are only some of the most recent elections. Ends August 19.

Charles Schneider - an artist with glass and a magician with colours -began with Art Nouveau and its flor-al themes to become a pioneer of Art Deco with its geometrical design in his vases, golders and lamps in the lamp in the course des Artisaviers. rich hues. Louvre des Antiquaires, 2 Place Palais-Royal, 11am - 7pm. Closed Mon, Ends Sept 16.

Galerie Schmit. 396 Rue Saint-Honore (260 3636): About 30 oils, 30 watercolours and as many drawings and pas-tels by Eugene Boudin, master of ept beaches, showing the windswept beaches, showing me ever-moving waters and the pewter-coloured skies of his native Normandy and adopted Brittany. Closed Sundays and from 12.30 to 2 pm. Ends July 20.

The Clicke and the reality of Viennese women in their fight for emancipa-tion at the turn of the century. Hermesvilla, Lainzer Tiergarten. Until

# INNSBRUCK

"The Tyrolean Nation 1790-1829": Prints and paintings illustrate the Tyrolean peoples' fight against Napoleon and their fruitless struggle for nationbood under their charis-matic leader Andreas Hofer. At the Tyrol Provincial Museum, Innsbruck, until 14 October.

Stedelijk Museum, Amsterdam, Eedy de Wilde, retiring soon as director of this fine museum of modern art, has selected a final summer exhibition concentrating on acquisitions be has made in the last 21 years. Until

# **NEW YORK**

Museum of Modern Art: After being virtually closed for three years of renovation, the museum has a chance to show the depth and breadth of its considerable collection. No longer is it a boutique of the modern classics but more like a department store, with double its pre-vious exhibition space and room for such examples of modern design as

Mark Rothko (National Gallery): 86 works on paper by a leading contemporary American artist begin a national tour with this exhibit in the East Building. The highlights are vivid watercolours from 1968 and 1989, a period when Rothko's canvases were already tinged with the sombre browns, blacks and greys that anticipated his suicide in 1970.

# CHICAGO

Museum of Contemporary Art: Italian sculptor Giuseppe Penone concentrates on the interaction of man and nature by, for instance, growing potatoes in moulds of his sensory organs and then casting the agglomeration in bronze. The artist will create a 20 foot drawing on one wall of the museum that will be erased a:

# Standard Chartered Bank

announces that on and after 12th July 1984 its Base Rate for lending is being increased from

10% to 12% p.a.

The interest rate payable on deposit accounts subject to seven days' notice of withdrawal will be increased from  $6\frac{1}{2}\%$  to  $8\frac{1}{4}\%$  p.a. The interest rate payable on High Interest deposit accounts subject to twenty-one days' notice of withdrawal will be increased from 7½% to 9½%p.a.

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# **Base Rate**

BANK OF CREDIT AND COMMERCE INTERNATIONAL SOCIETE ANONYME LICENSED DEPOSIT TAKER

announces that from 12th July 1984 its base rate

is changed from 10% to 12% p.a.

100 Leadenhall Street London EC3A 3AD

By David Marsh in Paris

A POTENTIALLY explosive nuclear energy controversy is simmering between Paris and Washington over the world's largest fast - breeder reactor. France's 1,200-Mw Superphenix, being built with participation from five other European countries at Creys-Malville near Lyons and due to come on stream early next year.

Disagreement surrounds the possible use of the fast breeder as a means to produce weapons-grade plutonium for France's nuclear strike forces, which are being modernised and upgraded as a key part of the Socialist government's defence pro-

French officials say the Government refuses to rule out the use of Superphenix plutonium in the making of nuclear weapons, although there are no such plans at present.
According to State Department officials in Washington, the matter is "not an issue."

But the U.S. Administration will be keeping a close watch for any signs of military use of Superphenix, which Washington believes would contravene 25year-old uranium supply agree-ments between the U.S. and the EEC and could theoretically trigger a suspension of nuclear co-operation between the U.S.

and Europe.

The possible use of Superphemix to help produce nuclear warheads as well as electricity would tie in with a long-standing pattern of intermingled civil and military use of some of France's nuclear facilities.

As in the first three countries to explode nuclear bombs, the Electricite de France with 51 U.S., Soviet Union and Britain, France's civil nuclear industry —now the second largest in the world, after the U.S.—was built up after the war as a by-product of bomb-making programmes.

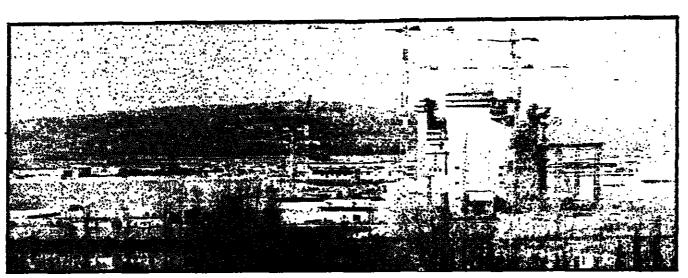
France, as a fully-fledged

nuclear weapons state, is under no international obligation to keep separate the civil and military sides of its nuclear

activities.

But military use of Superphenix—which has been hinted at by members of the French nuclear establishment over the past decade—would cause unprecedented complications, because of the international nature of the project.

It would certainly run into strong opposition among the European non-nuclear weapon states, the electricity utilities of which are helping to finance



The world's largest fast-breeder reactor, Superphenix, under construction at Creys-Malville near Lyons

per cent, other shareholders in measures would open old the project are Italian states wounds between Paris and owned Ente Nazionale per l'Energia Elettrica (ENEL) with 33 per cent, West Germany's biggest utility. Rheinisch Westfaelisches Elektrizitaetswerk (RWE) with 11 per cent, Belgian and Dutch electricity producers, and Britain's Central Electricity Generating Board with a small indirect stake of around 1 per

Questions have already been asked in the West German, Dutch and European parliaments over Superphenix's possible military links—receiving mostly vague answers in reply.

#### Old wounds may be reopened

Weapons production use of the fast breeder would also in-directly hamper international efforts to prevent proliferation of nuclear arms in the Third World This objective is now given full support in Paris, which has considerably tightened its own non-proliferation safeguards on nuclear exports. Any suspicion that France's fast breeder programme was linked to military use could, however, increase the reluct-ance of some "threshold"nuclear countries like Brazil. Argentina, Pakistan or Iraq to agree safeguards on their own civil nuclear facilities, according to international non-proliferation experts.

Finally, any efforts by the U.S. to impede operation of Superphenix through legalistic

Washington. France has never forgotton how the U.S., unwilling to diminish its war-time nuclear monopoly, tried during the 1950s to hamper French efforts to acquire bomb-making technologies which later would prove of crucial commercial importance in the civil nuclear

Any U.S. interference would also revive more recent memories of the ill-starred efforts by President Jimmy Carter in 1978 to hinder European reprocessing of spent nuclear fuel to produce plutonium. The French claimed that the Carter action, while launched primarily for non-proliferation reasons was also almost at preserving. aimed at preserving American commercial dominance of the nuclear business.

The Superphenix project is already controversial because of its escalating cost—the bill over a decade of construction is now put at FFr 18bn—and uncertain economics.

Fast breeders are fuelled by plutonium than they consume. With the element (rich in the operated to double their initial bomb-making Manhattan Profuel input of plutonium over a 30-year period.

Fuelled by plutonium being supplied by EdF and the other shareholder utilities. Superphenix holds out the prospect of a 50 to 80-fold increase in fuel efficiency compared with France's present battery of pressurised water reactors (PWRs). Thus it could increase considerably national energy independence by reducing the need for uranium imports in coming years.

This economic basis has, howver, been called into question by the slump in the world uranium price since 1979 caused by the sharp inter-national slowdown in nuclear plant construction. France's own uranium en-

richment plant at Tricastin in the Rhone valley, the world's largest civil enrichment facilitywhich was completed only two years ago with participation from Italy, Spain, Belgium and Iran, is itself operating at only half of capacity.

Cogema, the a mixture of plutonium produced (after reprocessing) from first generation uranium-buruing N-plants, together with non-fissile uranium up to now discarded at the stage of uranium enrichment. They have the capacity of producing more plutonium than they consume.

Cogema, the commercial nuclear fuel services arm of the Commissariat à l'Energie Atomique (CEA), which presides over both the military and civil sides of the French nuclear industry, has stepped up bidding for enrichment contracts on the commercial nuclear fuel services arm of the commercial nuclear fuel services arm of the commercial nuclear fuel services arm of the commissariat à l'Energie Atomique (CEA), which presides over both the military and civil sides of the French nuclear industry and civil sides of world market. Cogema has entered as a brash newcomer into aggressive competition. The last of the three with the U.S. Department of military natural uranium-burn-Energy which runs the U.S. ing, graphite-moderated reac-

Ironically, EdF has added to the world enriched uranium glut over the past year by selling off part of its uranium stockpile to help cut its losses.

Links between the civil and military applications of atomic energy are hardly new. French scientists first lodged secret energy, both for electricity pro-duction and for bombs, on the eve of World War II, in May, 1939.

Profiting from pre-war re-search and the war-time work of French atom engineers in Canada, the CEA, set up by General de Gaulle in October 1945, started running in Decemon the European continent. With apt symbolism, it was built in the 19th century fort of Chatillon, south of Paris, where France's principal war-time col-laborators with the Nazis had been executed a few years earlier.

The plant served to lay the technical foundations France's single most important post-war coup to bolster its in-ternational standing—the explosion of its first atomic bomb (following the opening during the 1950s of more plutonium production facilities at Marcoule near Avignon) in February 1960.

Pu 239 isotope useful for war-heads) built up in the reactor "blanket" of non-fissile uranium which surrounds the "core," fast breeders can be with the U.S. Department of military natural uranium-burn-Energy which runs the U.S. ing, graphite-moderated reactor government's severely undertors at Marcoule (the other two used enrichment facilities, first were decommissioned in 1968 built as part of the war-time and 1980) has just been shut

down after providing both electricity to the grid and plutonium for the weapons programme for the past 25 years. Similarly, in the U.S., the anford "N" reactor built between 1959 and 1963 for the weapons programme is one of the longest serving plants in the U.S. grid. In the UK, the country's first two nuclear power plants, at Calder Hall and Chapeleross, were built in the 1950s primarily to produce plutonium for bombs.

A controversy has broken out in the last few months over possible plans by the Reagan Administration to use for military purposes UK plutonium from civil plants supplied to the U.S. under nuclear barter deals in the 1960s.

Some of the early natural uranium-graphite plants built for EdF (before France switched to the PWR for power generation in 1969) have also een used to produce plutonium for the military as has Phenix, the 250 Mw prototype fast breeder operating at Marcoule since 1973. And Cogema's military reprocessing facilities at Marcoule are nowadays used for both civil and defence work.

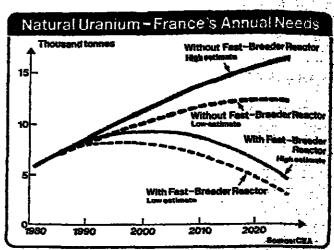
Following the shutdown of replaced, limit demand for new the last Marcoule reactor, several other old EdF natural

The "reserve" role of Superuranium-graphite plants are due to be closed over the next few years. Some analysts have therefore concluded that France may face a plutonium supply shortage for its expanding weapons programme, especially if it decides to put into effect its technical capacity to build the neutron bomb.

As part of a strategy nuclear arms modernisation inherited from the previous government, the Socialists are committed to introducing progressively, starting next year, the new multiple-warhead M.4 strategic missile on the coun- No watertight ... try's nuclear submarines and providing the Mirage IV strategic bomber force with ASMP nuclear missiles as well

The strength of France's 18 3,500 km range ballistic missiles stationed in south-east France will remain unchanged. But the Government is boosting considerably the country's tactical nuclear forces through the replacement of existing Pluton missiles by the Hades (120 systems compared with the present 42) from 1992 onwards and upgrading nuclear air strike

Government officials say the



manufacture of new warheads provides the CEA with no pressing needs for weapons-grade towards smaller, more efficient, and more accurate warheads, as well as the availability of stockpiles and the possibility of recycling plutonium from the existing arsenal now being

phenix is, however, stated clearly by a top Paris defence official. He says it is "absurd" to suggest that Superphenix is being built deliberately to supply the military. "But there is a difference between saying that we are building Superphenix because we need plutonium, and saying that plutonium (from the reactor) could be used for the military. The options for the future are open. Nothing obliges us (to give Superphenix a military role) but nothing prevents us either."

#### guarantee

Non-proliferation safeguards operated by the EEC atomic energy agency Euratom will be applied to Superphenix (unlike the case of Phenix).

But this provides no watertight guarantee of non-military use. The Euratom treaty of 1957 lays down simply that agency inspections should ensure that nuclear materials are not diverted from their intended uses as declared by the users." This gives France the theoretical right to use its share of the plutonium in Superphenix for military

However, separate agreements between Euratom and the U.S. in 1959 and 1960 prohibit the military use of any nuclear facility using plutonium eriginating from U.S. uranium supplied for European power

Belgium, the Netherlands, West Germany and Italy are all supplying Superphénix, for the initial five tome "core" loading, with plutonium reprocessed from spent uranium fuel originally supplied by the

So the terms of the 25-yearold agreement seem to give the U.S. a legal means to block any military use of the fast breeder. This interpretation is, however, resisted by the CEA and the State Department says that "the agreement is not as

Confusion over the role of Superphénix could hold up European collaboration on

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European collaboration on building a second commercial fast breeder, envisaged as one outcome of a far-reaching agreement signed between France, Britain, West Germany, Italy and Belgium in January.

The CEA and EdF are pressing for a government decision to go ahead with Superphénix-2, with participation from other European countries, in 1985. The Defence Ministry has recently made Ministry has recently made clear that it, too, is supporting the project.

This is the last in a series of erticles on the French nuclear industry. The first two appeared on May 24 and June 6. In the latter erticle, the reference to France's one-quarter share of world reactor exports refers to dear signed over the jest few years, as its share of sotal orders is much lower.

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# THE PROPERTY MARKET BY MICHAEL CASSELL

# Bride Hall begins to bloom in the Garden City

WHEN DANNY DESMOND no desire to be nudged on to a small but impressive manage-quit last August as managing the sidelines and parted com-director of Hunting Gate, the pany with the group he had topother a common of the company of the common of the commo privately owned development and construction group, he took his secretary and his chausteur with him and was back in husiness four days later. He has been moving in profits from £176,000 to nearly £2m. Over the same equally fast (not to say stylishly) ever since.

Francisco de Es

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Desmond's departure from Hunting Gate, which he had helped build into one of the country's best-known private developers and in which he held a 22 per cent stake, brught months of boardroom unease and unpleasantness to a climar.

In 1976, he had been appointed group managing director by Frederick Bandet, Hunting Gate's founder and controlling shareholder, who in the same year went to live in California.

But Bandet kept a tight grip on the group's affairs and rela-tionships between the two men eventually began to deteriorate. There were growing disagreements over management style and on the future course of the expanding group — pro-posals for a stock exchange listing were squashed by Bandet — and Desmond says appointed to represent the founder's interests made his life "increasingly difficult."

When the crunch came, he was offered the deputy chairmanship and an attractive package of perks. But he had He has assembled around him

pany with the group he had helped steer for 12 years.

nearly £2m. Over the same period, shareholders' funds rose from a little over £200,000 to

#### Swapped

When he left Hunting Gate, Desmond swapped his equity stake for a 100 per cent interest in two of the group's investment subsidiaries. He raised £750,000 aganist them and set up shop under the Bride Hall group

"I left on a Thursday and on

Monday I was in business again, working from home. Keeping my chauffeur was not a luxury; having someone else drive gives me a chance to work, as well as to grab some sleep." Desmond, who is now 44 and says he has "no regrets" about leaving Hunting Gate, spent the next two months looking up many of the friends he had made in the property business. "I wanted to do my own thing and to tell people what I was up to. I was also keen to get something under my belt with-

out delay."

In the last ten months, Des-

together a series of development projects, at least one of which would keep much bigger fish fully occupied.

Bill Deans, who had himself left Hunting Gate in 1981, with a £136,000 settlement in his pocket, has now rejoined Desmond at Bride Hall, occupying the finance director's chair. Deans is currently non-executive chairman of Thermalite and. until last month, was executive finance director of John Lelliot.

Desmond has also managed to recruit to the board Andrew Huntley, senior investment partner of Richard Ellis, the agents and surveyors, and David Bramson, a senior partner of Nabarro Nathanson, the solicitors. Both men are acting as consultants. The board is supplemented by a small management team.

The group now operates two subsidiary investment companies and a development company and holds an 80 per cent stake in two operations jointly owned with J. A. Elliot, the Hertfordshire-based developers and contractors. Through and contractors. Inrough
Elliot & Housewise, the group
is engaged in private housebuilding while Elliot Developments will tackle commercial property ventures of up to £5m in value.

The first development which Desmond picked up is now about to start at Hemel Hemp-

Ref: TMP

From: Chairman

OFFICE SEARCH

site. Part of the £4.5m scheme, funded on a "no-risk" basis with Barclay Trust, has been forward sold to Hertfordshire News-

Other projects in the pipeline include an office and retail project in Chertsey, an industrial scheme in north London and an 8,000 sq ft office project in Cam-

But Desmond's biggest coup so far has been to tie up a funding agreement with PosTel Investment Management for a 75-acre business park at Letch-worth Garden City, Hertford-

The prestige project, which will cost around £48m to build and have a completed investment value of around £60m, is likely to take about five years to develop. Occupiers will get long leases or, if they want, free-hold ownership.

Desmond explains: "When I

did the rounds of old contacts

I saw Fred Reeder, who runs PosTel's property investment operations, and he was immediately interested in the Letch-"We have acquired a variety of leasehold interests off the 600 Group and surrendered them to

uonal gearing."

Desmond says Bride Hall is not putting any money into the huge project, but gets a guaranteed initial fee, a rolling profit management fee and a share of tutional partners. Development profits will be the number on priority, though an investment portfolio also looks likely.

One particular idea appeals to Desmond's sense of adventure with the plan to offer the number of priority, though an investment portfolio also looks likely.

One particular idea appeals to "We plan to offer the number of priority, though an investment portfolio also looks likely."

stead, where planning approval management fee and a share of ment partnerships, which will

has been won for a 30,500 sq ft the achieved development pro-office building on a town centre fits.

Letchworth itself has started the ball rolling by negotiating for a 50,000 sq ft business centre which will provide central services for companies on the Park Two other deals are in solicitors' hands.

Though he will not be drawn for the time being, Desmond says that, elsewhere, potentially "very sizeable" froint venture partnerships with two major international gorups are also at an advanced stage of

He has already had a look at the United States and "took a hard run" at a \$10m office scheme on the outskirts of San Francisco. Bride Hall just missed out but further attempts to gain a modest foothold in America look more than likely.

#### **Partners**

As to how the newly-formed group will itself develop, Desmond appears to have a fairly open mind. He wants high-quality, low-risk schemes, predominantly in London and the Home Counties and is not a second to the terms of the t the Home Counties and is pre-pared to join forces with a variety of corporate and insti-tutional partners. Development

participate in property develop-ment. They will be able to take advantage of the limited liability offered by such partnerships, as well as the favourable basis of taxation for partnerships generally."

partnership, in which Bride Hall would act as general partner, would provide seed capital and an institutional fund the development finance. On completion and sale, the profits would be shared out.

Desmond believes the formula will be a popular one and that it could play an important part in Bride Hall's growth. How far he intends to go with his new creation, he will not say but he expects to be recording profits by 1985. The arrival of a merchant bank to take a useful equity stake also appears a

strong possibility.
As for eventual flotation, Desmond prefers to take things one step at a time and to devote his energies to creating a sound base rather than a fanciful future. "I hate setting goals. The whole world knows when you miss."

● London and Leeds Investments, part of the Ladbroke Group, has let 100 Broadway, its 35,000 sq ft development on London's Edgware Road, to Mary Kay Cosmetics. The U.S. direct mail company is to pay £5.50 a sq ft. Hillier Parker and Grant and Partners acted for the developer and Ferrari Dewe represented the tenant.

# Pearson teams up in £100m shops plan

regional shopping centre at Thurrock, Rosex, were re-vealed yesterday by Lakeside Trading Estate, a member of the Pearson group, and Capital and Counties.

An outline planning applica-tion will shortly be submitted, seeking approval for a plan to develop around km sq ft of enclosed, retail space and parking for 8,000 vehicles on a site adjacent to the M25 motorway just north of the Dartford Tunnel.

The land in question forms part of a much larger site which Pearson has owned for over 60 years. Extensive leisure facilities will also be provided. The scheme could be completed within about four years and 5,800 permanent jobs could be created.

Third-party funding is almost certain to be involved.

certain to be involved.

• Moscow Narodny Bank has paid £23.5m for the freehold of 81 King William Street, City of London. The building is being developed by John Swire and Sons to provide 41,500 sq ft of offices behind an existing facade. Swire bought the property about two years ago for £12m. Moscow Narodny will move in its head operations next year and will be responsible for the cost of finishing off the redevelopment. Savilis acted for Swire and Dron acted for Swire and Dron

and Wright represented Moscow Narodny. • Helical Bar, the lossmaking steel fabrication specialists, have appointed Michael Slade, until next year the managing director of Grandvista Properties, to run Helical Properties. Mr Slade will take a 49 per cent stake in the new subsidiary

join the main board. Helical Properties has an initial port-

folio of about 24m and ex-pects to be profitable in its first year. O A record price has been paid for a prime develop-ment site in central Melbourne. National Mutual insurance has sold the site, in Collins Street, to Lustig in Collins Street, to Listig and Moar, a private property developer, for AS13m (A\$6.1m a sq m). The Minister for Planning has given approval for a 218,060 sq ft net office scheme. Colliers acted for National Mutual.

**⊕** The Long-Term Credit Bank of Japan has taken 30,000 sq ft of floorspace at 18 King William Street, City, the new office building developed and funded by United Kingdom Provident Institution in partpartial mership with the Mercers Company and the City Corporation. Rent was over £30 a sq ft and Savilis acted for the

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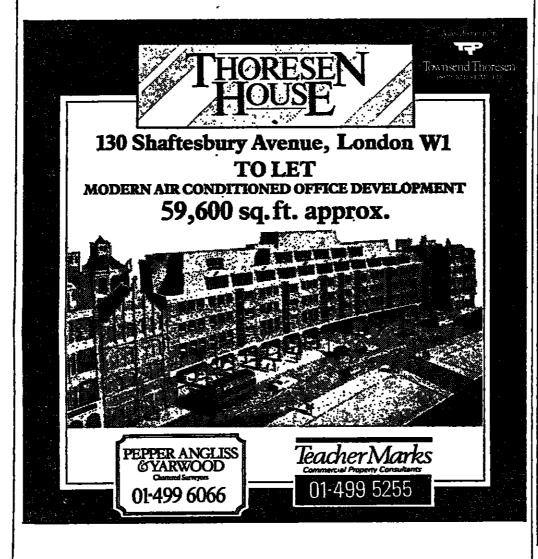
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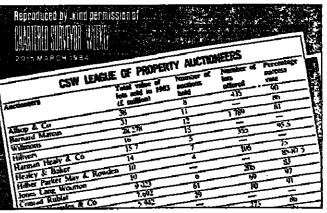
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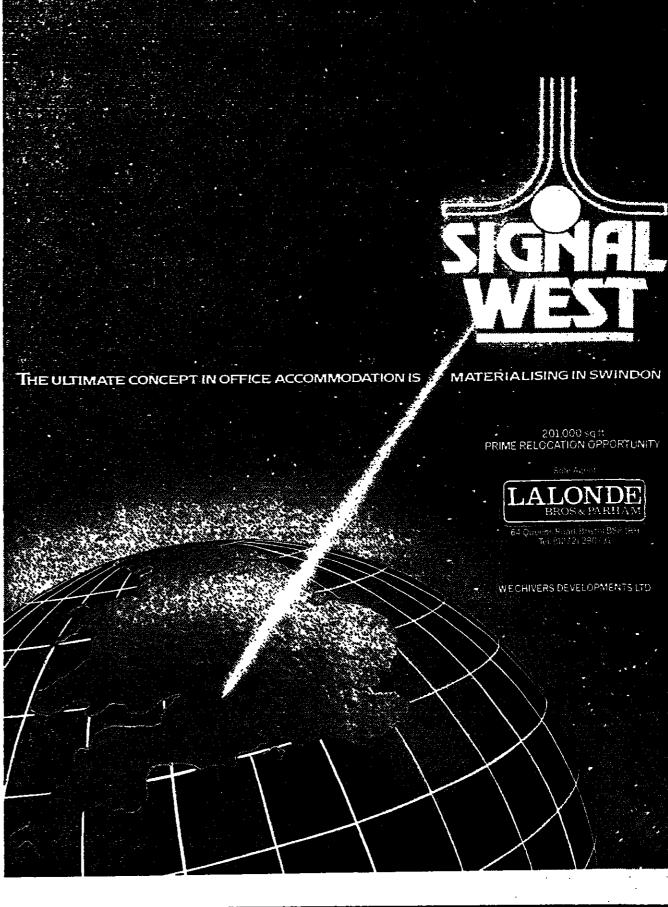
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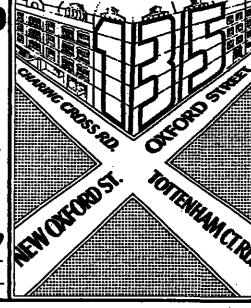
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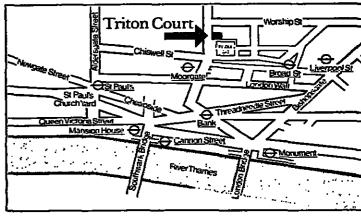
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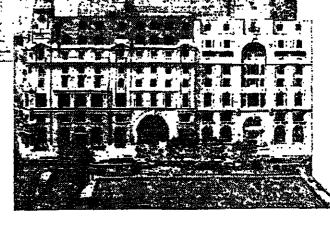
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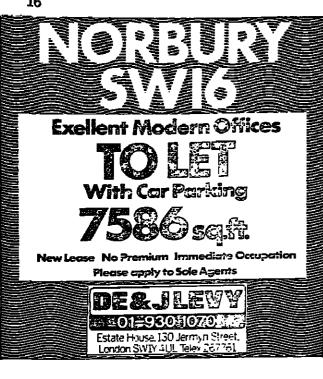
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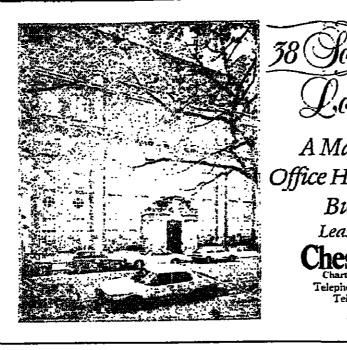
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# Company Notices

#### CHARTER CONSOLIDATED P.L.C.

NOTICE OF ANNUAL GENERAL MEETING NOTICE IS HEREBY GIVEN that the nineteenth annual general meeting of members of Charter Consolidated P.L.C. will be held in the Caxton suite at the London International Press Centre, 76 Shoe Lane, London EC4A 3JB (New Street Square entrance), on Tuesday 7 August 1984 at 12 noon for the following surposes: (1) To consider the accounts and the report of the directors for the year to 31 March 1984.

(2) To declare a final dividend.

(3) To reappoint as directors Sir Robert Hunt, Mr G. W. Mackworth-Young, Mr J. G. Richardson, and Mr. J. Ogilvie Thompson. (4) To reappoint Coopers & Lybrand as auditors and authorise

the board to fix their remuneration. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the company. By Order of the Board

40 Holborn Viaduct London ECIP IAJ 12 July 1984

(1) To be valid the form of proxy must reach the company's registrars in the United Kingdom not less than 48 hours before

the meeting.
(2) Holders of share warrants to bearer who wish to attend in ) Holders of share warrants to bearer who wish to attend in person or by proxy or to vote at the meeting must comply with the relevant conditions governing share warrants to bearer, copies of which are available from the registered office of the company and the office of its registrars in the United Kingdom and from the company's overseas paying agents.

There are no directors' service contracts required by The Stock Exchange to be made available for inspection at the meeting.

# OIL COMPANY OF AUSTRALIA N.L.

# Exercise of July 3, 1984 Options

Notice of exercise (on back of option certificate) together with Australian funds at the rate of thirty-five cents (35c) per share must be received by the share registry not later than July 30, 1934. Options expire on that date and no protection may be given.

Reminder notices have been sent to all option holders. Copies may Morgan Grenfell Holdings Limited

23 Great Winchester Street London EC2P 2AX, U.K.

Telephone: (01) 588 4545 Mr Glen Trotman PRINCIPAL AUSTRALIAN SHARE REGISTRY c/o PROFESSIONAL SHARE REGISTRIES (N.S.W.) PTY LTD

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> KONISHIROKU PHOTO INDUSTRY CO., LTD. NOTICE TO EDR HOLDERS

Notice is hereby given that the 80th Ordinary General Meeting will be held at 10.00 a.m. Tokyo time on July 19, 1984 at Nomura Hell, Shinguta Nomura Budding No. 26-2, Nishinghal Nomura Budding No. 26-2, Nishinghalu I-chame, Skinguku-ku, Tokyo. The meeting will consider and vote upon the following items.

CITIBANK, N.A., London Depositary.

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In compliance with the Bonips 1997
In compliance with the Boni

JAMES BEATTIE PLC NOTICE IS HEREBY GIVEN that the same preference Share TRANSFER BOOKS of the Company will be closed from the 24th to the S1st July, 1984, both date: incresive.

the Sist July,

By Order of the Board

R. S. TAYLOR
Secretary

COMPANY LIMITED

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS TO BEARER (EDR'S)

In accordance with Clause 16 of the Deposit Agreement duted 17th September 1976. Hambros Bank Limited hereby gives notice of the Convocation of the 67TH ORDINARY SENERAL MEETING OF SHAREHOLDERS of Taisho Marine and Fire Insurance Company Limited. The Darticulars are as forform:

Chuo-ku, Tokyo.

Purpose of the meeting: Matters to be reported: Busine's report, Balance sheet and prest and loss account for the G7th Busine's year throm 1st April 1983 to 31st March 1984;a Matters to be resolved:

meering will consider and vote upon the following items.

1 Approval of the proposed appropriation of rotained semancys for the period April 21, 1983 to April 20, 1984.

2. Election of time Functions.

3. Election of times Auditors.

4. Payment of returnment rememeration to the Directors and Auditors to be retired.

The proposed dividend subject to Shareholders approved will be Yan 4,75 per share, and will be payable on or efter July 20, 1984. EDR Holders wasting to exercise their voting rights should comply with Condition 12 of the EDRs not later than July 17, 1984, in this case it will not be necessary to deposit EDRs or any coupon disached theertom.

THE CHASE MANHATTAN BANK N.A. THE CHASE MANHATTAN BANK N.A., July, 1984 London, as Depositary NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECCIPTS (EDRS) IN ASAHI GLASS CO., LTD.

Second Item:
Report on matters concerning the merger of Banzal Building Co. Ltd., into the Company. Third trem:
Election of Twenty-Three Directors
due to anti-tation of the term of

We are pleased to conferm that copies of the Semi-Annual Report for the six monatts ended March 31, 1984, of Minebea Co. Ltd., are now available to EDR holders, goon application to the offices of the Depositary. Cribank, N.A., 336 Strand, London WCZR (HE, and the Agent, Citibank (Luxembourg) S.A., 16 Avenue Marie Therese, Luxembourg, CITIBANK, N.A., London Depositary, Judy 13, 1984.

Jely 13, 1984.

Legal Notices

IDIV 13. 1984.

No. 002455 of 1984
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF
WIDNEY PLC
AND IN THE MATTER OF
THE COMPANIES ACT 1948

THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the ORDER of the High Court of Justice Chancery Division dated the 25th day of June 1884 confirming the reduction of the Capital of the above-named Company from £1.150,000 divided into 250,000 7%. Cumulative Preference Shares at 10p each to £510,000 divided into 250,000 7% Cumulative Preference Shares at 10p each to £510,000 divided into 250,000 7% Cumulative Preference Shares at 11 each and 9,000,000 Ordinery Shares at 4 each and the MINUTE approved by the Ecol and the MINUTE approved by the Court showing with respect to the share promium accounts of the Company the acveral particulars required by the REGISTRAR of COMPANIES on the 3rd day of July 1984.

Dated the 10th day of July 1984.

SHERWOOD & CO...

Queen Anne's Chambers, 3 Dean Farrar Street, Westminster, SWIH 9LG.

Agents for:
JOHNSON & CO...

Agents for: JOHNSON & CO., 85/87 Corawell Street, Birmingham B3 382. Solicitors for the Company.

THE COMPANIES ACTS 1948 TO 1976 VIXMILL LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Componies Act 1949, that a Meeting of the Creditors of the above-named Company will be held at Supar Quay. Lower Thames Street. Landon EC3R 6DC, on Wednesday. the 25th day of July. 1984, at 10.30 of clock in the forencen, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 9th day of July, 1984, By Order of the Board, PETER VICTOR YOUNG, Sacretary.

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Friday July 13 1984

# Blow to world trade

SISYPHUS in Hades was condemned to roll a heavy stone up lation. He could also look at a hill: whenever he reached the top, the stone eluded his grasp and tumbled down again. In a modern version of the ancient Greek myth Sisyphus might have to expiate his wrongdongs by selling steel to the U.S.: once one set of import restrictions is in place a further tightening is threatened.

Such is the case with the recommendation of the U.S. International Trade Commission (ITC) for limiting the market share of a range of imported carbon steel products by the introduction of quotas, tariffs or both. The recommendation to President Ronald Reagan is made at a time when about three-quarters of the steel imported into the U.S. already insported into the U.S. already is subject to some sort of restriction, imposed either by the U.S. or on a supposedly voluntary basis by exporting countries.

Measures to protect U.S. industry and especially steel (like protectionism everyable exchange rate at least some complaints against foreign competition should subside by them-

The ITC made its recommendation under the so-called problem, can its stipulation be escape clause of the Trade put into effect? Once a measure Reform Act of 1974. That clause of protection is in force, poli-Reform Act of 1974. That clause or protections make it increasing frequency. Under it, it is permissible to impose restrictions without proof of unfair practices, such as the payment strongest pressures on the U.S. of subsidies, in the country of subsidies, in the country of subsidies, in the country of subsidies. where exports originate. What has to be proved is serious injury to the domestic industry with which these imports com-pete, something altogether less difficult than proving malprac-

Escape clause procedure differs from anti-dumping procedure in another important way. The President is entitled of protection to the exporter case by being seen to open abroad, since the President can their home market more widely take into account considera- to imports; tions other than the narrow A trade war on top of the interests of a U.S. industry debt crisis and the return of He could look, for instance,

economic summits and else-

where. We hope that he will do so. But he may find himself in an awkward position in the midst awkward position in the midst of his campaign for re-election. Not only in the U.S. are the political pressures for protection almost invariably stronger than those for free trade.

For instance, in 1980 the ITC decided that no case had been made out for blaming imports, principally from Japan, for the difficulties being experienced by the U.S. motor industry. Yet the Administration went ahead with a self-restraint agreement limiting Japanese shipments of

limiting Japanese shipments of cars to the U.S.—the usual fig leaf to avoid more open restrictions.

Imports are not the cause of the American steel industry's problems. It is suffering from years of inadequate investment and excessive labour costs. Much of its plant is outmoded and cannot compete on equal terms (like protectionism every-where) have a long hstory. But in the present climate the prob-lem is greatly aggravated by the overvaluation of the dollar. If proposes that additional import U.S. economic management restrictions should be made conwere to produce a more reason-able exchange rate at least some complaints against foreign com-plant and to cut costs, including

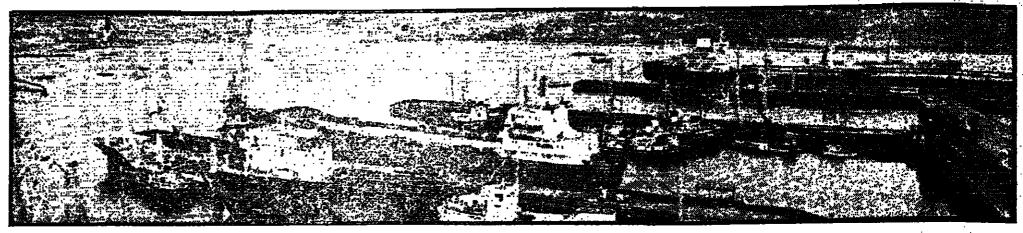
While the ITC has thus shown

More immediately, the ITC proposals could be damaging to wider interests of both the U.S. and the world. The list of countries they are likely to hit hardest includes Brazil and Mexico, two nations with acute debt problems which they will never solve if their exports are turned away.

way. The Fresident is entitled turned away.

to refuse to act upon an ITC
That argument cannot be recommendation made under made by steel exporters in the escape clause. Looked at Japan or western Europe. The in one way that is a measure Japanese could strengthen their

high interest rates would deal the world economy a heavy blow. The ITC ruling points in at the wishes of consumers, blow. The ITC ruling points which are not in any way conprecisely the wrong direction.



The dockers' action

A strike just

waiting

to happen

could hardly have come at a worse time for the overnment, with interest rates rising, uncertainty in the markets and the miners' strike

The spectre of a national dock strike has loomed large in the industrial relations folklore

of the post-war years.
But, for many, this strike was a bolt from the blue. Even some port employers find it hard to comprehend why it was allowed to reach this scale. Accepting that part of the Government's strategy towards the miners' strike was avoiding a second front being opened—paying off the railwaymen, urging British Steel not to take legal action against the miners' union—they have difficulty in accepting why the Government is not putting pressure on the National Asso-ciation of Port Employers to get it settled. Mr Nicholas Ridley, the

Transport Secretary, was firm in a BBC radio interview yester-day: "It is not a dispute in which the Government could intervene—and we are not going to do so."

Behind the rhetoric of non-

intervention, though, lies deeprooted Conservative ideological opposition to what is at the heart of the dispute — the National Dock Labour Scheme. A Government committed to relaxing the hold of the trade union closed shop on industry sees the scheme as one of the worst restrictive practices—and, embarrassingly, it is a statutory

Behind the rhetoric of non-intervention lies deep-rooted opposition

Set up in 1947, the aim of the scheme was to give permanent labour stability to an industry in which the use of casual labour was rife. Dockers were placed on a register, and one of the principal objects of the scheme was "to secure that... dock work is done by registered dock workers, and not other-

In practice, this gives the dockers a vice-like grip on their work, but contrary to popular belief, it does not rule out compulsory redundancies—though it has been a powerful force in averting time.

Not powerful enough to halt job losses, though—far from it. As the docks have declined, thousands of jobs have dis-appeared in a series of voluntary redundancy schemes: the registered workforce in ports

Going home

to Washington

Sir William Ryrie's return to Washington in October—as chief of the International Finance Corporation, the World

led to the system that gives the dockers their formidable job security—so-called "jobs for life." When an employer goes out of business, other employers in the port have to take on the redundant dockers.

The shift of much of the UK's traditional dock traffic to foreign competitors, particularly Rotterdam, and the growth of trade in UK ports not covered by the scheme, such as Felix-stowe, has encouraged some Ministers in private—Mr Ridley well to the fore—gently to well to the fore—gently to question the future of their

scheme.

But this caution vas not enough to prevent the Transport and General Workers' Union issuing an immediate threat of a national docks strike when Mr Donald Stringer, the cort comployers' chairman port employers' chairman, voiced these thoughts publicly in a speech in April. He said that employers now thought that the need and relevance of the scheme had long

disappeared. The storm cones were hoisted, and from that point, the present docks dispute was a strike wait-ing to happen. A highly emotional issue, it only needed a spark to ignite it.

That came when British Steel decided to continue using contract labour to load iron ore into lorries at its Immingham terminal for transport to its Scunthorpe steelworks, following the blacking of rail-freighted supplies by train drivers in support of the miners' strikes. Using unregistered labour is

"Using unregistered labour is like a doctor bringing in a vet to do an operation." says one Tilbury docker. In fact, BSC's action at Immingham seems a less clear-cut breach of the dock labour scheme than the dockers claim. The use of contractors there seems well supported by agreement and correspondence—though when no trains are running in support of the miners' strikes, the position may be different. In any case, the well-practised system of "ghost" workers in operation at workers in operation at Immingham—registered dockers

being paid for and nominally doing work which is actually carried out by contractors --reduces the legitimacy of the dockers' case.
The accident, "that fateful half-hour when something went wrong." Mr Ridley says, seemed

to come when the Immingham

regular meeting of the TGWU's

docks group. though the National the scheme Dock Labour Board, which oversees the scheme, found yester-day that the Immingham incident was a breach of the scheme's provisions, all sides covered by the scheme has seem to agree that Immingham ing talk from the union's declined from 82,500 in 1951 to was a far less flagrant breach leaders has been brutally around 13,700 now.

It was the Aldington-Jones Hunterston terminal in Scotland convoys of lorries, many driven report, which ended the last in May, when steelworkers un-

By Philip Bassett, Labour Correspondent

loaded coal from a Norwegian vessel, the Obo King, which had been blacked by other unions. Indeed, at a meeting of TGWU docks delegates on Wednesday, Mr John Connolly, the union's national docks officer, openly said that Hunterston had been a step back for the union and its fierce maintenance of the schame

This strike may be an attempt to redress the balance attempt to recress the balance
—and perhaps a little bit more.
The employers claim bitterly
that talks earlier this week
collapsed because the TGWU

It was the lorry drivers who spearheaded union action in the

through the miners' picket

1978-79 "winter of discontent." Now in these strikes they have become the flag-bearers of free enterprise. In gleeful defiance, one driver carried a windscreen sticker proclaiming himself the "No. 1 Scab;" another, trucking iron ore into Llanwern, an-nounced: "Fil be taking my money for this home in a wheelbarrow.

The TGWU wanted to rehabilitate itself in the eyes of the union movement; or, as

# The dock labour scheme does not rule out compulsory redundancies

was trying to win a guarantee one Government official puts it: against all future breaches of "They wanted a result." Even the scheme — which the employers felt in practice they could not give — and that it should be for the union to was a gamble. But not too much official puts it: decide whether any future of a leap in the dark, though incidents were breaches. The the docks' appalling strike recontrary to the essentially 1970s has eased as the industry mutual self-policing nature of declined, but it is still signifi-

The big difference has been the miners' strike and what has happened to the TGWU since the Hunterston incident: the Hunterston incident: constant embarrassment. Fightby TGWU members, have swept

cant at a local level. Like the coal mines, industrial

relations in the docks have been characterised by the presump-tion that disputes will be settled by immediate industrial action. As one docker put it in London yesterday: "Once we get a call to strike, we strike straight If the dispute is not settled

quickly, Mr Ridley says darkly, then "we are going to have to assume that this is a political strike—some strange political desire which has not been made

This covert reference to the miners' strikes is hotly disputed by some dockers. Another Tilbury worker said: "This issue is all about the use of registered labour, and is nothing to do with the miners' strike. If we had wanted to support the miners, then we would have done that when they asked us."

But a ports' industrial rela-tions manager disagrees. "It was going to happen anyway," he says. "The miners' strike is 95 per cent of the reason why it is now."

why it is now."

The dockers draw the similarities between two basic industries which are contracting. Listening to a group of Liverpool dockers, in London for this week's meeting, is reminiscent of sitting in miners' welfare clubs. "They're asking us to sell our jobs, and our sons' jobs . . . we've taken so much . . . we're turning here, and making a stand"

naking a stand."
In the patchwork of the docks, the exact connection with the miners' dispute is probably impossible to unravel. Whatever the reason, the TGWU—guided, many feel many he its griffly. many feel, more by its grittily experienced deputy general secretary, Mr Alec Kitson, than by Mr Connolly—got its results. The employers do not argue with the union's claim, that in the scheme ports, support for the strike call has been total.

the strike call has been total.

Future support may be indicated, too, by the lorry drivers' action at Immingham itself. They were apparently quite happy to cross picket lines set up by the miners, or the train drivers, but once a TGWU picket line went up they stopped.

Even in the ports covered by the scheme, covered by the scheme, the indications yesterday were that their dockers are coming out. Key indicators, particularly for companies wanting to circumvent the strike, will be the roll-on roll-off port of Dover, which carries 1,000 lorries every day and the container port of Felixstowe, where dockers meet this morning. morning.
All this endorses the

employers' rueful private acknowledgment that even with the relative decline of the docks as an industry, the dockers themselves can still marshall, at little or no notice. muscle to justify Whitehall's fears and its caution. Even so, there still may

some pressure on the TGWU to reach a deal fairly quickly. There is already talk in the industry of confusion among the dockers about what the strike is about or for. That could turn into disaffection although into disaffection, although nothing like the Nottingham-shire split in the miners' dis-pute is envisaged.

The tight vote at Immingham itself over whether to black the work and back the miners (it was carried by a majority of only about 40 votes out of the 700 dockers involved) may be indicative. There is some feeling that if the strike goes past the weekend, it will be both more difficult to end and more

prone to erack from below. That would badly tarnish this week's pure TGWU image of instant militancy. The dockers are recognised to the dockers are recognised to be tough opponents: a standard theory is that unless they shoot themselves in the foot by break-ing ranks, or unless the Government brings in the troops, as the Heath administration almost did in the 1972 strike after declaring a formal state of

emergency, dockers are virtually impossible to beat. Clearly, there is some score for transport companies to beat the strike. There are far more non-scheme ports and nonunionised ports than in 1972, when manufactured exports were cut by one third. But there is a practical limit to this transfer: bulk cargoes like oil and grain need specific handling facilities at terminals which not every port can provide. There has been a structural change in nas been a structural change in the industry since 1972, but the old ports are still dominant, with scheme ports carrying 70 per cent of all non-fuel traffic.

Similarly, there is some opportunity of getting round the National Vinion of Seamen's ban on freight carried by the Sealink line, which comes into force at midnight tonight. But it is

Transport companies could simply switch their business abroad

only limited: many companies have long-term contracts with ferry lines, and tourist traffic season will mean that spare spaces could be rare. Even with the clear support

for the strike in the docks, and with yesterday's bolstering decision by the Dock Labour Board, the strike—particularly a prolonged stoppage—is not without risk, and high risk at

that, for the dockers,
First, and most serious for
the industry's future, transport their business abroad; some are already talking of this if the strike goes on.

Second, while a clear victory for the dockers would make the Government hesitant about any further even tentative moves against the scheme, the failure of the strike would make the Government's abolition of what it regards as political, industrial and economic anathema a real prospect

# The reform of Lloyd's

EXACTLY TWO years after the the auditors of underwriting passage of the Lloyd's Act of 1982, the London insurance kind of scandal which this reforming legislation was meant to attack. There is little doubt that if Parliament had known then what it knows now, Lloyd's would not have been left with its unique privileges of self regulation. The question is whether the Act now needs to market should be given more time to set its house in order.

The Lloyd's authorities argue that although the hurricane is still shricking, the vessel has passed through the eye of the storm and is heading for calmer waters. They can point to an impressive list of re-forms to support this claim. For one thing, authority now rests firmly in the hands of the

new Council of Lloyd's, rather than the Committee, which means that a much broader range of interests is being represented. A small number of distinguished outsiders are making an important contri-bution, especially in the key areas of investigation and disciplinary work.

Under this lead, the market is being forced to reconsider those practices which were allowed to develop under the cloak of business secrecy, and which too often blurred the between shrewd management and financial unacceptable business conduct. The first central file containing the acounts of all syndicates operating in the market has been almost completed, and will be open to the public be able to take up the reins within the next few weeks. This more or less as before once it will also show details of related is completed. This is unwise, party transactions, an obvious At best, Lloyd's is going to area for potential conflicts of have to learn to live with a

out dreft proposals for a stan- sation over the long term. At dard agency agreement, which worst, its privileges will again

syndicates. Membership rules will also be revised, among for wrongdoers to escape simply by resigning their membership.

The hope is that the new constitutional framework will be firmly in place by the end of 1985, and that well before then
—possibly by the close of this
year—the disciplinary proceedings arising from the well publicised scandals will be more or less completed. Given the size of the problem,

that would be a major achieve-ment. Lloyd's points out that the rule changes which are intended to make it possible could not have been imple-mented so quickly if they had been subject to the approval of a separate agency with statutory powers. Moreover, although the experience of recent years has been traumatic, it has not visibly damaged Lloyd's position in the world market. Confidence in the security of Lloyd's

relax. Lloyd's disciplinary proceedings have yet to prove their worth: they are taking a lot longer to complete than anyone expected, partly because some of those involved have turned to the courts. More generally, there is room to doubt whether a flash of sunlight on the market will be enough to clear up the abuses which had been building up over decades.

There is a view in the market

that Lloyd's has been going through a once for all upheaval. and that the practitioners will sterest. strong and independent
The Council is now sending executive management organiwill be fundamental to the come under well deserved relationship between agent and attack if it does not reach Name, and is also seeking to smooth water within the next impose tougher conditions on couple of years.

# **Men and Matters**

Bank's private investment arm -has a certain bittersweet flavour to it.

The attraction is that he is into the IFC selection race and, after some politicking in Washington (the U.S. vetoed a Pakistani candidate) landed going back to a city where he enjoyed considerable success

and acclaim. As the Treasury man at our Washington embassy, and thus wearing the twin hat as British executive director on the board of the International Monetary Fund. the lived through the thick of the British loan negotiations with the IMF in 1975-76 and through a particularly turbulent time in the organisation's history.

The informed view in Washington is that Britain may never have sent a better representative to the IMF than Bill Ryrie. A direct, articulate Scot, now 55, he was clearly stimu-lated by the freewheeling cut and thrust that is an enduring feature of life in the U.S.

capital.
So high is his reputation there that this is not the first time that A. W. (Tom) Clausen, World Bank president, has tried to lure him back.

But it was precisely the talents that made him so effective in Washington that held him back on his return to the tighter confines of Whitehall. In particular, as is well known in British Government circles, he fell foul of Mrs Thatcher— between 1980 and 1982 he was the Treasury official in charge of, in effect, the nationalised in-dustries and his disinclination to share the PM's views for selling off the public sector did not exactly help his Whitehall

So, from being on everybody's short list to be head of the Treasury someday, he found himself shunted aside in 1982 to take charge of the Overseas plans. Development Association (ODA) which nobody has ever

# the job.

Happy ending The news that a British White Knight has arrived in the nick

of time to save Inmos, the Government-backed micro-chip makers, broke suddenly on the City yesterday. The letter of intent was signed yesterday, and Peter Laister, Thorn EMI chairman, whose company is paying £95m

for the 76 per cent stake held by the British Technology Group, is deferring a holiday due to start at the weekend to fly to the Colorado plant and address the troops on Monday. The founders and staff of Inmos seem to have come out of the deal pretty well. If it goes through each of the three founders' shareholdings will be worth £5.22m (Laister pulled out a pocket calculator to calcu-

pany some time ago, but still owns shares.

The founders will be offered an opportunity to sell out to Thorn or to hold their shares for another four years with a promise of the still better price if the company's performance

late this). One of the founders, Paul Schroder, left the com-

So the Inmos story, a political hot potato for so long, seems to have a happy ending. Laister says he doesn't propose to change anything at the moment, although he is not yet certain of the company's confidential

The general aim is to support its goal of being a world-class

being involved in their direction. Management support to us is not a question of saying we can do it better than you, but of helping them to do it better."

# Rare immigration

"IN winter you might as well start the day with a smile; once you step outside it gets frozen in."

Ivor Rowe, Manchester magi-strate, leading Variety Club charity light, British Vehicle Rental and Leasing Association founder-chairman, and head of the UK vehicle operations of the U.S. owned Gelco Corporation, is quitting Manchester and heading for Minnesota.

To Eden Prairie, to be pre-

cise, not a snowhall's throw

away from Minneapolis and where a balmy January day means 25-50 degrees of frost. Rowe, 52, is making one of those rare emigrations when a Brit is moved to run a U.S. company's operations Stateside, Gelco, a \$1bn a year con-glomerate is involved in vehicle fleet management and leasing. It also owns CTI Containers and TIP trailers among its 90 businesses. One way and another, 700,000 cars, trucks, containers and trailers are under its

Rowe, until now chairman of Gelco's two UK operating con-cerns (in fleet management and contract hire) and president of the holding company, is taking over as president of Gelco Vehicle Lessing, responsible for regional leasing operations in the U.S. Canada and Puerto Rico, and at the same time retalning responsibility

Europe. Eden Prairie, however, holds on mysteries for Rowe. He has been there on average six times thought of as Maggie's favourite the goal of oring a world-lass thought of as Maggie's favourite department.

So, when Clausen approached involved in the management of Ryrie a few weeks back for the cur subsidiaries, but insist on the main board of Gelco. a year for the past 12 years ever

But why a Brit for the latest job? Somewhat modestly, Rowe shrugs it off-maybe the American board felt it would be better to have somebody with more international experience. But minds may also have been minds may also have been con-centrated by the fact that the corporation, as a whole, lost \$23m last year.

# Super silks

A new topic of conversation has been introduced into the Inns of Court by an article in Tatler magazine.

Now when two or three

barristers are gathered together, they do not discuss only the iniquities of solicitors and their dilatory payment of counsel's fees. They dissect the Tatler's list of "fashionable" Quuen's Counsel.

The magazine produced a

double page of pictures of those said to be the profession's leaders with a breakdown breakdown according to the specialist areas of litigation. There appears to be little dissent from the proposition that Robert Alexander is today's Super Silk, nor much objection to the suggestion that the more

gregarious Lennie Hoffman runs him a close second. It is when the article descends from those Olympian heights and suggests who are the leaders and "rising stars" in specialist fields that opinions differ.

Certain names have been greeted with raised eyebrows or scornful sniffs. The barometers of professional success and standing, the baristers' clerks, have reacted most predictably. Those whose men are not mentioned discuss the whole matter as a frivolous irrelevance, while those working for Silks on the list are rubbing their hands all the way to the bank as they calculate the value

of publicity. The chosen OCs disclaim any interest in the affair, though one did concede there was something in the Shavian dictum: "Spea kill of me or speak well of me, just so long as you speak of me."

**Observer** 

# **PORTUGAL SURVEY**

The Portuguese survey, due to appear in today's paper, will now be published on Friday

July 20

350 

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# Midland's battle to do better

By David Lascelles

**Pre-Tax Profits** 

1979 '80 '81 '82 '83 |

will hear some good news from California for a change. After two quarters of heavy losses, Crocker National Bank, its 57 per cent-owned U.S. subsidiary second quarter to the tune of \$4m to \$5m.

If so, Midland Bank's long-London may be encouraged to go ahead and bid for the minority share of Crocker still in public hands. Such a move would bring Midland's invest-ment in Crocker 20 ment in Crocker to over \$1bn. g it by far the costliest

A glimpse of black ink, and a end to the uncertainty over on end to see uncertainty over Crocker, would be a relief to Midland weakened as it is by \$55m of cumulative U.S. losses and dented morale. But it will bring an end to Midland's blems, which stem only partly from its move into the U.S. three years ago.

Mr Geoffrey Taylor, the chief inherited Crocker when he took over in 1981, says the emphasis is now on raising profitability throughout the group which has assets of £55hn. But he concedes it will be "two or three years" before Midland starts earning a decent rate of return on its capital again.

That may be optimistic. To the City at large—where Mid-land for some time has had a reputation for being accident prone—the bank's condition still looks delicate. Its equity base is proportionately smaller than its rivals, and rumours of a dividend cut pushed its shares down to a new low on the Stock Exchange earlier this month, forcing Mr Michael Julien, the group finance director, to issue a strong denial that such a

ve was envisaged. For nearly 10 years Midland has been a poor performer compared to its peers, Barclays, NatWest and Lloyds, by almost every measure in the book. Burdened by a lopsided branch structure reflecting its origins in the industrial Midlands, its profitability has consistently been lower than the other three. Analysts estimate that if Midland got its operating costs down to the average of the other three clearers, it could nearly double its profits.

The bank's balance sheet has also been weaker, despite three rights issues in eight years.

NEXT Tuesday Midland Bank The latest blow came in March when the Chancellor abolished first-year capital allowances in his Budget and forced Midland to dip into reserves for £230m -nearly its entire expected in San Francisco, should an earnings this year—to meet tax nounce that it has clawed its liabilities on its leasing busiway back into the black in the ness which it had not expected

Crocker's losses are the more unfortunate because they became apparent just as Midland seemed at last to be get-ting to grips with its problems. The previous provieldy manage

costs. Bright new executives were hired for key positions: Mr Julien to tighten financial controls, Mr Ernst Brutsche, a German who had earned his spurs with Citibank in New York, to streamline Midland's treasury, and Mr Hervé de Carmoy, an urbane Frenchman, to organise the group's some-what muddled attempt to become a major international

demands on management. But I think we're getting back now." think of setting a new course, it will have to repair the damage to its balance sheet. That will not be easy since the ebylous and easy way—a rights issue—is in practical terms barred to it by the sharp fall in the share price (two weeks ago its shares were yielding more than any UK bank there is the way). Instead stock since the war). Instead,

to have to pay.

Ironically in the light of what is now happening in the UK financial services industry. Midland at times in the past decade has owned the components of what could have become an impressive financial conglomerate had it not sold bits off again: Bland Payne, a leading Lloyd's insurance broker (sold), Samuel Montagu the merchant bank (40 per cent sold), a stake in Standard Chartered Bank (sold). It still fully owns Thomas Cook,

ment structure which split responsibility between two chief general managers was scrapped and replaced with clear lines of authority leading to Mr Taylor, and a determined effort was underway to cut

presence. "We've been blown course." says Mr Taylor. "The sort of problems we have with Crocker make tremendous However, before Midland can

Midland will have to boost its capital base by selling more of its assets, and relning in the growth in the balance sheet. The key disposal will be

one of the world's largest issuers of travellers cheques.

to sell what he calls "strategic investments": its remaining 60 per cent stake in Samuel Mon-tagu, its Clydesdale and Northern Bank subsidiaries, Forward Trust, the leasing subsidiary, and Thomas Cook. The group, however, will seize

chances to sell some 30 to 40 minor investments such as its share of consortium banks or minority interests where it has never had an effective influence over management. One of the first to go is Midland's 20 pr cent stake in European Ameri-can Bank, the loss-making New York consortium bank, which is on Midland's books at £33m.

Quite how much cash these disposals will yield remains to be seen, and some analysts believe that Midland will be boxed in for years by balance sheet problems. But Mr Taylor says: "We see these actions making our capital ratios acceptable to us and to the Bank of England." Although the Bank never comments pub-licly on a bank's finances, it can be assumed that it wants to see Midland steadily strengthen its capital base. A key role in improving Mid-

land's housekeeping falls to Mr in Europe and expanding in the Brutsche in treasury, whose job is to raise money to fund the The slackness of business

**Capital Adequacy BARCLAYS** 

79 '80 '81 '82 '83

MIDLAND - and its Rivals ( )

Profitability

1980 '81 '82 '83

drift away because they think Midland is deliberately raising its loan rates to discourage

can improve profitability

without screwing the customer.

But both Mr Brutsche and Mr de Carmoy talk of much greater

selectivity in their departments.

"There are times when I have to say no and ask people to

come back with different ideas."

Mr Brutsche says. On the inter-

participation in loan

Crocker's plush new head-bank's operations without add-quarters in San Francisco. ing more than is absolutely land keep its balance sheet. Mr Taylor firmly denies all necessary to the balance sheet under control. Even so, there rumours that Midland is about (He is also expected to make a is a risk that customers will necessary to the balance sheet.
(He is also expected to make a profit, which is rather new for Midland's treasury.) "We have to take a different approach now," he says, "When you have limited resources available, you must choose between the nice things to have and the essential things to have."

> Aside from making the most of sophisticated funding tech-niques like swaps and financial futures, and trading loans more actively, Mr Brutsche is trying to cut out duplication within the bank itself. "If one part of the group has surplus funds and another need funds, it is obviously better if they deal with each other rather than with the market," he says,

There is also a vigorous drive for profits on the international side. Mr de Carmoy, whose responsibilities cover all Mid-land's overseas business except Crocker, says the California debacle has tended to obscure the fact that Midland's other foreign ventures "have been reasonably successful," earning a healthy pre-tax return of 20 per cent. His goal is to boost foreign profits by £30m by the and of 1985 he hadding on Midend of 1985 by building on Midland's well-established presence

land's sterling funding costs appear to compare favourably with those of its main rivals." Yet no matter how valiantly

Midland battles to do better, no single part of the group plays a greater role in its destiny than Crocker, which now accounts for 30 per cent of the whole. And its handling of the U.S. bank not only presents Midland with extremely tough decisions but could hold the key to its future. Crocker's new managemen

under Mr Frank Cahouet has answered Midland's desire for tighter control by hacking out tens of millions of dollars of bad loans and slashing the divi-dend. But the recent prime rate rise has put new pressures on Crocker's main borrowers— Californian real estate developers and Latin American countries—raising the possi-bility that more write-offs may

In the longer term, though, Crocker has several things going for it. Mr Richard Flamson, chairman of Security Pacific, a big Los Angeles rival, said last week: "Crocker's great underlying strength is that it is located in the best banking market in the world."

If Crocker's long-term prospects are, indeed, more rosy than they look now, there is a "We are not putting up the shutters," Mr Taylor says. "There are thousands of ways strong argument for Midland to buy up the minority interest soon, while its share price is languishing at around \$17, barely a quarter what Midland paid for the rest. Mr Taylor agrees that there is a logic to this view, but he refuses to be drawn except to say there are three options: sell Crocker, buy the rest, or do nothing. And he national side, he has set strict return guidelines for Midland's has ruled out the first.

However, the odds on a Mid-In the UK, stringent cost conland purchase appear to have strengthened. The main con-straint is how to finance the trols remain the order of the day. The domestic branch netdeal, which would cost about work is being pared back (Mid-\$200m. Midland could not pay land has reduced its branches in cash without hurting its balance Liverpool from 20 to nine) and sheet and displeasing the Bank of England. So it may pay with regrouped in clusters so more operations can be centralised. an issue of preference stock, which would have the double advantage of saving cash and Some of Midland's greatest strengths are in the high street: it has made cost-saving strides in automated banking, and bolstering the balance sheet.

As Mr McLean says: "There bucking the trend-has a rising proportion of sight (and therewould be nothing more ironical fore cheap) personal accounts.
Mr Ian McLean, banking analyst at the stockbrokers Wood, to miss a golden opportunity to Mackenzie, says: "Overall, Mid-buy the whole bank."

# Lombard

# The purpose of obscurity

By Max Wilkinson

about the costs of public information."
transport, received the follow- Its author.

from the February 1983 White Paper—the geographical coverage of the table is England only for the sub-heads marked 6.1, 6.2 and 6.4. Great Britain for 6.3 and the UK for 6.8."

dental and the deliberate.

One of the most blatant examples of the other type of

obscurity—the deliberate—is to be found on the first page of the 1982 Budget Statement. This simply comitted to This simply "omitted to mention" the decision three months earlier to raise employees' National Insurance contributions by 1 percentage point.

The omission made it look as though the 1982 Budget was lowering the burden of personal taxation, whereas, if all the changes were taken together, tax was going up.

The distinction between deliberate" and inadvertent obscurity is often blurred. The 1984 Public Expenditure White Paper, for example, contains no fewer than four different figures for Central Govern-ment's planned spending in the current year. The largest is £3hn greater than the smallest. The reasons for the discrepancy might well be thought so obscure that they are of no importance. But that would be

a mistake.

but one can bet the PSBR to ploited by Chancellors the an Enterprise oil share that it is alert to the possibility.

One can just bear the minis
Treasury should also look critic-

its figure slightly wrong and no purpose but to heighten the spending was actually £3bn less.

As the business school study points out: "The British system of government places a high power, which is not often traded for the state of the s premium on avoiding embarras- for enlightenment.
ment and one obvious way to The Structure and Form of

AN MP who asked innocently sary to those wishing to find Its authors suggest a major

effort should be made to pre-"I enclose a copy of table 2.6 sent the Government's spending and tax proposals in a more appetising, and more comprehensive way: the document issued with the Chancellor's March Budget should set out all the main figures for what the This answer, uncovered in a Government is proposing to London Business School study spend alongside details of how this week, splendidly illustrates it intends to raise the money the first of two types of to pay for it all; supporting Mandarin obscurity: the acci- details should be relegated to a special volume of analysis for

> It does not seem too much to ask that spending and taxation changes should be set out side by side. Moreover, it should be possible to compare the two sides of the Government's accounts without being a mental gymnast of Olympic calibre or hiring a private economic investigator.

However, the Treasury's problem is that the spending White Paper is prepared some months before the Budget, so some of the assumptions behind it may

be out of date by Budget time. The business school's idea that the broad picture should be presented at Budget time with detailed estimates from departments following later, seems sensible.

However, it would not get rid of the major absurdity of the British Budget ritual. This decrees that a huge mass of de-tailed figures and analysis is unleashed upon the world when the Chancellor sits down at around 5 pm.

This is far too late to allow

most of the waiting press to give The Treasury has moved a the proposals a careful critical chess-man into place. It may not reading before telling the world know yet how, or even whether, what they "really mean," a fact it will exploit the ambiguity, which has been cleverly ex-

ter earnestly assuring the ally at the need for Budget House that the opposition got secrecy, much of which serves

than Midland going through all avoid this is by disclosing Government Expenditure Reinformation only when required ports by Andrew Likierman and to do so, and not being more buy the whole bank."

In a Structure and Form of any disclosing Government Expenditure Reinformation only when required ports by Andrew Likierman and to do so, and not being more Peter Vass (£3.95. Certified Acbely the whole bank."

#### Only Parliament can tax

ा कर्ति सम्बद्धाः

From Mr T. Bennon Sir,-I refer to the correspondence concerning the controver-sial decision of the Law Lords in Furniss v Dawson. Critical letters usually elicit balancing comment from authority. In this matter there have been none.

The Law Lords have taken powers beyond that of interpreting legislation, enabling the courts to overturn arangements with a tax avoidance motive properly entered into on the basis of the law as it previously stood.

There is a division between

the powers of the executive, the legislature and the judiciary. Parliament does not meddle with the sentencing policies of with the sentencing policies of the courts—even a suggestion by the Home Secretary of sen-tence reduction brought a cryp-tic response from the judiciary in 1981. The judges should refrain from extending the law until parliament has duly debated the matter and enacted legislation if it so wills.

legislation if it so wills.

Perhaps the Law Lords might Perhaps the Law Lords might extend trade union legislation or the Race Relations Act if the current practice of these laws offend their sensibilities. There is even less justification for the Lords to extend tax law. In 1911 the Parliament Act excluded the House of Lords from affecting "the imposition, repeal, remission, alteration or regulation of taxation." It is ironic that 73 years later, unelected, unaccountable Law Lords should take steps to retrospectively raise taxation while parliament turns Nelson's eye. Possibly this blindness results from windfall revenue which has accrued and the political embarrassment of log jammed courts and the difficulty of enacting anti-avoidance legis. of enacting anti-avoidance legis-lation, solved without debate

and without a vote.

Should ends justify means?
I think not. The citizen should regard the courts as a protector against the excesses of executive power. In this matter the Law Lords have added to these

The purpose of laws is the pursuit of justice and the pro-tection of men from the rule of arbitrariness. If the UK courts and parliament have forgotten this the first protocol of the European Convention of Human Rights has not. It says "No one shall be deprived of his possessions... unless provided for by law."

Those who wish to be taxed by Parkiament and not by the arbitrary value judgment of others should take note of it. T. Y. Benyon.

The Old Rectory, Adstock, Buckingham. Fiscal law

reform From the President,

Institute of Taxation. Siz,—The Institute of Taxa-tion is indeed interested to read

# Letters to the Editor

Eggar on July 4.
As an institute we have been pressing for what was suggested in the article for some considerable time and would emphasise that this institute is well positioned to act in such matters since it is a multi-discipline body as is indicated by the com-position of the council, accountants (chartered and certified), solicitors, management accoun-tants and chartered secretaries.

We would indeed welcome developments in this area.
Wreford Voge,
3, Grosvenor Crescent, SW1.

## Democracy and the miners

From Mr M. Greener

Sir.—It would appear that both Mr Scargill and MrMcGahey find it intolerable that the law, in the person of Vice-Chancellor Megarry, should seek to interfere with the traditional demo-cratic procedures which operate at the National Union of Mine-workers conferences.

One can but wonder whether

they seriously believe, and would have their members be-lieve likewise, that these demo-cratic procedures of which they speak could exist without the support of a sound legal frame-work. Perhaps they promulgate some new form of democracy which can operate without the

which can operate without the rule of law.

Whether this be so or not, they might be well advised to reflect that any attempt to discentranchise those who oppose preferred opinions is the very negation of democracy. It may well be a custom acceptable in a totalitarian state but has no place in a free society. Michael Greener. 33, Glan Hafren,

The Knap. Barry, S Glam.

#### Aught for the widows From the Secretary General,

Life Offices' Association Sir,—Mr Richer (July 4) finds that many insurance companies when cashing life policies pay no interest on the monies held by them in the interval between the date of death of the policyholder and the time settlement is made on the production of a grant of probate or letters of

grant of produce or returns of administration.

A survey, however, of the practices of members of The Life Offices' Association and Associated Scottish Life Offices conveyancer to find out concerning a second-hand hout concerning a second-hand ho the great majority of life It is quite possible for any Bradley, Keighley, offices are prepared to pay in one who is capable of filling in West Yorkshire.

the first transfer to the second of the first first first for the second of the second

the letter from Mr D. Tallon on terest on death claims which fiscal law reform (July 9) and are not settled within a defined referring to the article by Mr period — usually two or three are not settled within a defined period — usually two or three months after the date of death
—even though there is no contractual obligation upon them to

do so.

Policy monies are not due until the death of the life assured has been proved and the entitlement of the claimant established. It is the latter which can cause delays over which the insurance company seldom has control.

seldom has control.
If any readers have experienced undue delay in the payment of a claim and been refused interest by a life office, I would be happy to look into the circumstances if they would care to write to me.

T.H.M. Oppé, Aldermary House, Queen Street, EC4. The Land

# Registry

From Mr J. Kendall

Sir—Mr A. Catchpole's "Fees
to the Land Registry" (July 3)
is a good illustration of why it
is necessary to extend land
registration to all titles in
England and Wales.

What is the point of employing an expensive expert to
investigate a title when it has
already been investigated pre-

already been investigated pre-viously by (usually) another solicitor? The whole point of land registration is to cut out the necessity of re-investigating a title every time a property changes hands (which in any case is an academic nonsense).

All a conveyancer has to look at is one certificate (2-3 pages long with a plan) and provided the vendor's name is shown as the current owner, that is con-clusive proof that he is the owner (which the state guarantees). How can that be

slower, more inflexible and a duplication of work compared to unregistered land? The other point Mr Catchpole raises is that the fee charged either for registered or un-registered land is the same. With registered land, it is quite feasible to dispense with much feasible to dispense with much of the ritualistic tribal dance most conveyancers indulge in such as local searches, requisitions on title, etc. Anything that actually affected the property would be notified to the appropriate land registry. Enquiries before contract ask a whole host of irrelevant questions which are invariably of his adopted name.

The Bard was originally William de Shark's Pier, who took his name from a fishing tillage which was taken by coastal erosion, near what is now Robin Hood's Bay: hence the variations in the spelling of his adopted name.

Only after a short career in the jet mines at Whithy, during

forms to deal with registered land. You do not need a legally qualified person. Land registra-tion has been a voluntary system since 1925 and despite its attractions, in the event has only benefitted conveyancers because it has made their job much easier yet they continue much easier yet they continue to charge the same fees as for unregistered land. By extending the system to all titles, individuals will be able to undertake their own conveyancing making substantial savings. The example given of costs at £1,255.80 (or whatever) would immediately drop by £782.90 (62 per cent). That would be far more benefit to house bevers than trying to perpetuate.

a dual system of registered and unregistered land. J. A. Kendall. Green Acre, Tutbury, Burton-on-Trent, Staffs.

buyers than trying to perpetuate

# Join the EMS

From Mr W. Grey Sir,—Your comment (July 7) in the light of the latest "sterling crisis," that we would do better to be a "real rather than a shadow member" of the European Monetary System school what others have been echoed what others have been saying all along. The EMS has now been in business for over five years.

The point about this no longer experimental system is not that it is a lifeboat for the weak though mutual help is of its essence, but that it is a trigger mechanism for alerting one and all when things are going wrong in either direction, both when it is time to tighten the screw and when it is time to let up.
Who can say with certainty that
Britain, too, would not have
benefited from such forewarnings during the past five years?
Of course, the mind boggles
at the thought of what might have been if other currencies (no names, no packdrill) had

been fully paid up members of the club as well.
W. Grey.
12, Arden Road,
Finchley, N3.

#### Shakespeare was a Yorkshireman From Mr P. Pepper.

Sir.—I was surprised to read Alan Forrest (Travel, July 7) state that Shakespeare has not been claimed as a Yorkshire-

This is neither an offer to exchange or sell nor a solicitation of an offer to buy or exchange any security. The Exchange Offer is made only by the Offering Circular dated June 20, 1984, as amended on July 12, 1984, and the related Letter of Transmittal, and the Exchange Offer is not being made to, nor will tenders be accepted from, holders of these securities in any jurisdiction in which the making or acceptance thereof would not be in compliance with the securities laws of such jurisdiction.

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8½ per cent. Convertible Subordinated Guaranteed Debentures 1995 The Class A and Class B Non-Interest Bearing Convertible Senior Subordinated Guaranteed Debentures are convertible into Common Stock of, and guaranteed on a senior subordinated basis as to payment by,

# Pengo Industries, Inc. Fort Worth, Texas U.S.A.

Pengo Finance N.V., a Netherlands Antilles corporation ("Finance"), is offering to exchange \$500 principal amount of its Class A Non-Interest Bearing Convertible Senior Subordinated Guaranteed Debentures due December 1, 1991 ("Class A Debentures") and \$500 principal amount of its Class B Non-Interest Bearing Convertible Senior Subordinated Guaranteed Debentures, due December 1, 1991 ("Class B Debentures"; the Class A Debentures and Class B Debentures are collectively referred to as the "New Debentures"), in exchange for each \$1,000 principal amount of its 8½ per cent. Convertible Subordinated Guaranteed Debentures 1995 ("Old Debentures"). Accrued and unpaid interest on tendered and accepted Old Debentures will be cancelled. Old Debentures will be accepted only if tendered together with all interest coupons payable on or after December 1, 1983.

The New Debentures will be guaranteed on a senior subordinated basis by Pengo Industries, Inc., ("Pengo"), of which Finance is a wholly-owned subsidiary. The New Debentures will rank senior to the Old Debentures and Pengo's guarantees of the New Debentures will rank senior to Pengo's guarantees of the Old Debentures. The Old Debentures are convertible into Pengo Common Stock, par value \$.25 per share, ("Common Stock") at a price of \$32.25 per share. The Class A Debentures will be convertible into shares of Common Stock at a price per share equal to the greater of \$1.25 or 105% of the most recent closing sale price of the Common Stock on or prior to the Exchange Date, and the Class B Debentures will be convertible into shares of Common Stock at a price of \$4.50 per share, in each case, subject to an effective registration statement under United States securities laws.

The Exchange Offer is not conditioned upon the tender and acceptance of any minimum aggregate principal amount of Old Debentures; however, the tender and acceptance of at least 70% of the outstanding principal amount of Old Debentures is a condition to the consummation of a pending debt restructuring agreement of Pengo, unless such condition is waived or modified. If, however, such condition is not satisfied, waived or modified, the Exchange Offer will not be consummated and all tendered Old Debentures will be returned.

THE EXCHANGE OFFER EXPIRES AT 10:00 P.M. LONDON TIME, (5:00 P.M. NEW YORK TIME)

ON JULY 26, 1984, UNLESS EXTENDED BY FINANCE. The terms and conditions of the Exchange Offer are set forth in the Offering Circular dated June 20, 1984, as amended on July 12, 1984 and the related Letter of Transmittal, copies of which should be obtained from the Exchange Agent.

All tenders are irrevocable if accepted by Finance prior to August 16, 1984. All tenders not accepted by Finance prior to August 16, 1984 may thereafter be withdrawn.

The Old Debentures were suspended from trading on the Luxembourg Stock Exchange on December 12, 1983. Finance has made application to list the New Debentures on the Luxembourg Stock Exchange. In connection with the listing application, the Articles of Incorporation of Finance, the Articles of Incorporation and By-laws of Pengo and a legal notice relating to the issuance of the New Debentures will be deposited prior to the listing with the Chief Registrar of the District Court of Luxembourg, where copies may be obtained upon request. The Common Stock is listed and traded on the New York Stock Exchange (symbol: PGO).

REQUESTS FOR ASSISTANCE AND COPIES OF RELATED DOCUMENTS SHOULD BE DIRECTED TO THE EXCHANGE AGENT AS FOLLOWS: MR. RICHARD CREWS, CHEMICAL BANK, 180 STRAND. LONDON WC2R 1ET. TELEPHONE NUMBER: (COLLECT), 01-379-7474, TELEX NUMBER: 264766 (ANSWER BACK CHEMBK G).

July 12, 1984.

# FINANCIAL TIMES

Friday July 13 1984

CITROËN REDUNDANCIES 'ESSENTIAL TO RECOVERY'

# Peugeot chief firm on job losses

BY PAUL BETTS AND DAVID MARSH IN PARIS

French private Peugeot automobile group, is standing firm in his bid to make at least 2,000 compulsory redundancies at the group's loss-making Citroen division.

Before a series of crucial labour union meetings starting today, M Calvet made clear that Peugeot was on the way to recovery. He emphasised, however, that time was running out for a positive government decision on the saga over big job cuts at Citroën.

For the second time in recent weeks, the French Government has rejected Citroën's proposals to make redundant between 2,000 and 2.200 workers at its French plants.

Citroën is seeking to reduce its workforce by a total of 6,000 people, or 15 per cent of its total workers. including measures such as early retirements and voluntary repatria-

tion of immigrant workers.

After failing to return to profits in the past two years, the Peugeot group, France's biggest privatesector enterprise, is hoping to return to equilibrium this year.

M Calvet indicated losses in the first six months were considerably reduced, compared to the first half

the operating subsidiaries of the loss totalled FFr 2.59bn (\$297.4m), down from FFr 3.79bn the year be-

in an effort to dispel the car group's image of a lame duck, M Calvet said foreign banks were again starting to show interest in increasing their exposure in the company, whose total debts amount to a little more than FFr 30bn.

He also said that he expected Peugeot to return to the capital markets to raise fresh funds in the next six to nine months. M Calvet, however, made clear that he inended to return to the capital markets only when his company's recovery was firmly established.

M Calvet, the former chairman of the Banque Nationale de Paris (BNP). France's largest state-owned commercial bank, insisted that the group's essential task was to reduce its workforce and bring productivity closer to levels of its primary international competitors.

"I do not think either Mr Iacocca of Chrysler or Signor Ghidella of Fiat Auto had their time entirely absorbed for a year by the single prob-M Calvet acknowledged that Peu-

He also argued, however, that government procrastination was creating an intolerable psychological strain within the group and especially for its workers.

The Peugoet chief executive is hoping to use his current round of meetings with the unions to con-vince them that substantial layoffs at Citroën, including the controversial redundancies, are needed to enable the firm recovery of the Cit-roën subsidiary and the Peugeot group as a whole.

M Calvet suggested that the severe slump in the French domestic car market should not be over-dramatised and said that his company was performing along the lines of his general expectations.

New car registrations on the French market, accounting for half Peugeot group's sales, are expected to total 1.8m cars this year. M Calvet had forecast 1.77m.

He had also expected that his group would take a 33 per cent share of the French market in the first half of this year. The latest car registration figures show a 33.25 M Calvet acknowledged that Peu-geot posed the French government ic market for the private group.

M JACQUES CALVET, the head of of last year. The overall 1983 net and the unions a delicate question. more than Renault, its French state-owned car rival.

M Calvet said no decision had yet been taken over the future of the troubled Talbot marque. He argued that it was still too early to do so and that in any event the decision would be made on the basis of the offsboot's future sales.

The labour situation at Poissy, the large Talbot plant outside Paris at the centre of violent labour clashes at the beginning of this year, has returned to normal. The car group was continuing to make a strong marketing and promotional effort for Talbot

M Calvet insisted that he had always wanted to preserve the Talbot marque, and declared his intention to maintain the Poissy plant as a key component of his group's integrated manufacturing network.

He said the current level of annual group investments, which to-talled FFr 4bn in each of the last two years and in the current year. were adequate for group's needs. He suggested that an additional FFr 1bn a year would be welcome but not vital for beavy maintenance

# seen in **UK-China** talks on Hong Kong Despite a tactful reminder from Mr Lawson that sterling might

**Progress** 

By David Dodwell in Hong Kong and Our Foreign Staff

SIR GEOFREY HOWE, Britain's Foreign Secretary, is to visit Hong Kong within the next few weeks. Although the Foreign Office in London declined to comment yes-terday on Sir Geoffrey's visit, it is bound to heighten speculation that talks between Britain and China on the colony's future have entered a

new, critical stage. Mr Richard Luce, Britain's Minister of State for Foreign Affairs, flew into Hong Kong yesterday and said that the colony's people should avoid talking themselves into a mood of crisis.

The talks on the future of Hong Kong are inevitably long and com-plex," he said at Kai Tak airport ahead of two days of urgent talks with Hong Kong officials. "It is natural that there are difficulties to overcome but we are moving for-ward, as I am confident that we will continue to make solid progress."

Britain and China are now expected to initial an agreement in September to set out arrangements for the UK colony's transition to Chinese sovereignty in 1997, when Britain's leases on the territory run out. Mr Luce's arrival coincided with the return of Sir Edward Youde, the colony's Governor, from Peking. The 18th round of Sino-British negotiations were again de-scribed officially as "useful and con-

Mr Luce said the British Government was fully aware of the strains being created in Hong Kong by po-litical uncertainty. "Pendulum swings from optimism to anxiety back again are natural," he said, "but we need to keep a sense of perspective and to avoid talking

purselves into a mood of crisis." During the past week, fears in Hong Kong have focused on a contested Chinese proposal for a joint Sino-British commission to watch over Hong Kong's transition to Chi-

nese sovereignty. Meanwhile, Hong Kong's mone thought to favour participation, he may have difficulty in persuading other ministers and officials to acterday that last week's 34-point rise to 17 per cent had failed to halt the slide of the Hong Kong dollar

The Hong Kong dollar traded yesterday in a range of between 7.855 and 7.86 to the U.S. currency, well outside the 7.80-7.82 range taken as a peg for the Hong Kong dollar after last October's monetary

The Hong Kong dollar has stubbornly refused to strengthen back to the 7.80 level despite overnight interbank rates ranging from 30 to

As a result, bankers predicted They forecast a prime rate of at

Stock Markets, Section III

# Dealer accused over Eurobonds held in custody

By John Wicks in Zurich

A GENEVA court yesterday decided to hold on remand for 90 days Mr Peter Buer, former chief trader of Bear, Stearns International, who is charged with involvement in fraudulent Eurobond deals.

The judge refused to release Mr Buer on bail in view of the gravity of the case, the possibility of collu-sion and the complexity of the investigations.

a trial under Swiss law, in that Mr Buer was a British subject working for an American firm based in Lon-

The investigating magistrate has already given her opinion that such a trial is possible, however. Mr Buer is alleged to have received a sum of \$100,000 from a Mr Sisto Lardi, an architect who was charged on Wednesday with complicity to de-

Mr Lardi is understood to be the holder of an account at the Banque Romande in Geneva which was used to hold profits from the deals. THE LEX COLUMN

# Thorn jumps into the frying pan

even now be overvalued, the markets were prepared to give a trial to the mixture of 12 per cent base rates and a pound which at least re-mained well clear of \$1.30. And although equities gave a convincing impression of early collapse, the jobbers rattled their prices down far too fast for would-be sellers to keep up. So the day did not end in tears after all.

#### Thorn EMI

The whirlpool which swallowed Thorn EMT's shares was conspicu-ous even amidst yesterday's seeth-ing waters and betrayed a nasty current of market misgivings about the group's prospects. At 474p, down 43p, the shares have fallen 23 per cent since the day before Thorn dropped its British Aerospace merger idea on them.

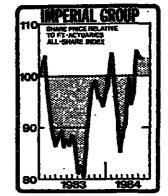
This could be some measure of the City's loss of confidence in Thorn's boardroom over the period, and the same is evident in the harsh reactions to the 1983-84 preliminary statement.

Pre-tax profits of £156.8m met most expectations, but the indications given at the same time about current trading results were apparently enough in themselves to make Thorn an obvious victim of consumer spending doubts. This may have deprived Thorn's proposed acquisi-tion of Inmos of a fair hearing into the bargain. Concern about the Inmos deal is

that it might emerge, as it were, as a BAe merger writ small. Chip man-ufacturers are notorious cash drains and have suffered from highly volatile earnings. Were Inmos's earnings next year to swing into sizable losses rather than a healthy advance on this year's projected profit of £13m or so - the company will pay no tax - then Thorn could indeed find itself facing yet another ressure on its balance sheet.

Net group borrowings are already 48 per cent of shareholders' funds and look set to grow by another £20m in 1983-84 even before taking account of the Inmos purchase funds. Thorn will now have no real option but to use borrowed cash. None the less, it seems to be pay-

an exit p/e of about 9% for Inmos. Thorn has little interest for the moment in fancy notions of vertical integration and is buying a business and enticing Happy Eater outlets. long.



where capital investment can pre-sumably be tailored to results. Meanwhile, nothing has hap-

division seriously to disrupt Thorn's broad cash flow projections as both the VCR and TV rental bases shrink further, but the City's pretax forecasts for the current year reflect acute uncertainty even on this more familiar front. It all looks a case for some urgent fence mend-

# Imperial Group

the market who were looking forward to the Imps results as a bright businesses actually run by Rank spot in a bad week. The outcome interim pre-tax of £90.7m - was a to markedly better pre-tax profits, good 65m short of their hopes. But up 27 per cent to 647.8m in the half-the company itself played this casu-ally, offering plausible reasons for sult from Rank Xerox. This repreally, offering plausible reasons for sult from Rank Xerox. This repre-the shortfall and painting a bright sents an efficient first sweep with picture for the second half. It says the new broom – there is around much for the goodwill attaching to a £2m of common-or-garden lossrelatively new management that elimination - and an inflow of £31m the market took this so well.

two months of the period, retailers out. clear proof of a fall in volume. But market share was apparently held, been a disaster for most of their ex-at around 43-44 per cent, and divi-istence. sional margins seem to have bene-fitted handsomely from the cost-cut-nitely to be expected, if only to shed sional margins seem to have beneting programme

orn of 26m from property dising a sharp enough price, marking posals, profits from brewing and lei- action will indeed help to keep the sure stood still, with the increase in institutions onside for a while yet, beer sales being offset by major in- but a hint of the longer-term stratevestment in exciting theme pubs gy would also come in handy before

There is no disguising the warry, though, about Holo's relapse into significant loss. Acute seasonality means that HoJo's first half can be highly geared around break-even; but the history of this acquisition is not one to reassure the nervous.

Speaking of doubtful acquisi

tions, there is no getting away from Imps' strategic problem in the longer term. The group belong to that great band of companies whose past answer to declining markets was to diversify unwisely while neglecting the basic business. Now rid of its mistakes. Imps can produce growth this year - to £220m, say - by putting the old businesses back into shape. But even by next year, it may be necessary to brave the acquisition trail again.

#### Rank Organisation

It is hard to remember Rank last produced a set of figures that sur-prised the market by looking rather good. The new managerial team has started quite encouragingly on the long-overdue process of bring-ing Rank's straggling portfolio up to scratch. On a very difficult day for equities, Rank's shares were one of There were those poor souls in conspicuous vote of confidence.

with for L

i maker

177

Lint

An improvement in returns from was, for once, the main contribution Tobacco sales to the trade, it now shows that Rank is at last doing the appears, were depressed in the first obvious things to straighten itself

having stocked up heavily right at the tail end of the previous year luck, in the shape of a bonanza in ahead of a 2p price increase. Given the London hotel trade, which has that another 2p went on prices in made the going easier. Albeit at the January, the 3 per cent drop in to-apparent price of making Rank bacco turnover in the first half is wonder whether it ought - after all - to hang on to assets which have

the bid-provoking embarassment of a Maytair head office. This sort of

# A Quality building in

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# Insurers raise Gulf premiums

By Stewart Dalby

for the value of hulls of ships going to Gulf ports excluding Iran and Iraq have been raised to 0.375 per cent for seven-day cover from 0.25 per cent, marine brokers in London

The reason is twofold. First, the London market was surprised that it was a British tanker, the BPowned British Renown, that was hit by Iranian missiles this week. The British Foreign Office said it had protested sharply to Iran about the incident, in which there were no casualties. It was only the second at-

this year. Second, such attacks as there have been recently have been against vessels leaving or going to

Iraqi of Iranian ports. Rates for vessels going to the main Iranian terminal at Kharg Island are unchanged at 5 per cent. Earlier this year they were 7.5 per cent. That is largely because, de-spite attacks by both Iranians and Iraqis this week, the overall level of strikes has diminished since the United Nations Security Council passed a resolution in early June calling for the right of free naviga-

tion through the Gull. Higher level of rates, combined with fewer attacks, were behind the decision announced yesterday by Japanese shipowners and seamen to send tankers back to the north of the Gulf. The two sides stopped sending vessels to the area, including Kuwait, in May after attacks on

In London, brokers work on the basis that the average value of a tanker is \$8m, although elsewhere brokers refer to an average value of \$20m. This year, London insurers are believed to have paid more than \$120m in claims. Premium income over the same period is put at \$50m. With Lebanon, where hull cover is 0.7 per cent, the Gulf is one of the highest war risk areas covered by

Shippers normally take out an annual war risk insurance cover which costs 0.1 per cent of hull value. Cargoes can cost up to twice the value hull cover, but last month some of the Gulf states, led by Saudi Arabia, agreed to compensate buyers of oil shipped from their ports for any lost in attacks on

Yesterday, Iraq said its forces had set fire to a large vessel in the

Shipping strike in Spain, Page 2

# Japanese give final go-ahead for satellite-launching rocket

BY ROBERT COTTRELL IN TOKYO

(\$826m) satellite-launching rocket, the HII, has been approved by Ja-pan's Science and Technology

Agency.

The rocket is the last launcher envisaged in the country's 15-year space programme drawn up by the Space Activities Commission, the policymaking body that reports to the Prime Minister. The project is likely to result in big contracts for Japanese companies.

subishi Heavy Industries, Nissan Motor Company, Ishikawajima-Harima Heavy Industries and Cawasaki Heavy Industries. Development of the rocket is to

scheduled in 1991-92. The HII will be a two-stage rock- programme is largely the respon-

Paris rescue

under way for

**Creusot-Loire** 

THE FRENCH Government said

last night an industrial solution was

being worked out to save Creusot-

Loire, the bankrupt heavy engi-

ministry and the trade unions.

A progress report on the state of

the negotiations to try to salvage

the private engineering group,

which was placed under official re-

ceivership at the end of last month.

was due to be made public by the

Government today.

The Industry Ministry said the

rescue plan being worked out would

maintain "the industrial coherence

of the main activities of Creusot-

Loire." The plan could be put into

A company would be formed to

take over the main industrial activi-ties of Creusot-Loire. This would in-

volve the grouping of a number of

industrial concerns including, in

particular, Framatome, the French

nuclear reactor company at present

io per cent owned by Creusot-Loire

and 50 per cent owned by the

French atomic energy commission. The Industry Ministry said a

group of banks would take part in

By Paul Betts in Parls

closed last night.

place rapidly.

Those are likely to include Mit-

begin next April, with a test launch

tionary orbit a satellite weighing up

It will use a liquid oxygen and hylrogen propulsion system, with two solid fuel strap-on boosters, capable of generating a combined first-stage thrust of 355 tonnes.

The HII will succeed the HI rocket, which is scheduled for its first launch next year. The HI also uses liquid hydrogen/oxygen propulsion, but can launch only satellites weighing less than 550 kilograms. Most recent Japanese satellite launches have used the NII rocket,

which burns solid fuel and which geostationary orbit.

has the capacity to lift satellites weighing up to 350 kilograms into Implementation of Japan's space

Nasda plans to launch 12 satel-lites during 1985-91, for earth observation, communications and broadcasting applications, and basic tech-

It is also co-ordinating applicants for an experimental payload which Nasda has "booked" on the U.S. space shuttle in 1988.

The Japanese Government is considering participating in the permanent space station project envi-saged by President Ronald Reagan

While Mr Yasuhiro Nakasone, the Japanese Prime Minister, is cept the financial commitment, peropment Agency of Japan (Nasda). haps of more than \$1bn.

against the U.S. dollar.

Senior bankers said yesterday, however, that the slide of the Hong Kong dollar had less to do with political uncertainty than with the continued strengthening of the U.S.

40 per cent over the week.

further "shock treatment" on interest rates after Hong Kong Associa-tion of Banks holds its regular weekly meeting tomorrow morning. least 2 percentage points higher One bank treasurer commented: We are just hoping to wear the

market down, because the alternative - of shooting the peg against the U.S. dollar - is out of the question. There can be no doubting that what market operators are doing at the moment is proving cripplingly expensive to them.

# share index fell by more than 23 points at one stage but recovered somewhat and ended the day 10.9

points down at 771.1. Equities, how-

Defence counsel pleaded against

# the capital of this new company.

# **ARA Services rejects** \$722m buyout bid

BY PAUL TAYLOR IN NEW YORK

bility of the National Space Devel-

A GROUP of individual and institutional investors yesterday offered to take ARA services, the U.S. international catering, transport, distri-bution and health care management group, private in a deal worth

neering group.

This plan envisages the takeover The offer was immediately rejectof the principal activities of Creued as inadequate and not in sharesot-Loire by a new concern to be specially set up, the French indus-try and Research Ministry disbolders' best interests.

ARA, which is based in Philadelphia, is one of the world's largest management services companies, The ministry said the rescue plan with revenues last year of more would be submitted to the Paris commercial tribunal after a series than \$3bn and net profits of \$54m. Among the principal contracts it of new consultations between the handles is the catering and trans-

> geles Olympic Games. The S60-a-share offer was made by an investment group led by Mr William Siegal, a former executive vice-president of operations at ARA services, private investors from Texas, and institutional investors

led by Drexel Burnham Lambert,

port contract for the 1984 Los An-

Under the terms of the plan, the deal would be structured as a leveraged buyout with ARA's manage ment taking a big minority stake in the new company.

The investment group said yes-terday that it had held discussions with ARA's management and with an unnamed New York city bank, which would provide part of the financing for the deal.

Mr Siegal said his investor group expected no substantial obstacles to financing the buyout. Aside from the bank financing and new equity provided by the private investors the institutional investors would provide additional financing for the

The deal is subject to completing financing arrangements and to shareholder approval.

ARA's share price closed on Wednesday at \$49.25 and the opening

serves of D-Marks, at the time supporting the Bundesbank's intervention.
The European central banks rec-

ognise that unless the U.S. changes its policy of non-intervention they cannot reverse the trend towards a higher dollar without raising interest rates.

European intervention can, however, create sufficient uncertainty to limit the speed of the rise, they

There is less confidence among the central bankers, however, that the long-predicted fall in the dollar

exchange rate or interest rates. In

kets, Britain's vulnerability to such

ystem. Mrs Thatcher of "blaming every The Chancellor argued that even body but herself."

the Wall Street securities firm. was delayed yesterday. **Bundesbank holds rates** Continued from Page 1 been taking advantage of the dol-lar's strength to replenish their re-Our Economics Staff writes: On the London Stock Market yesterday, the FT industrial ordinary

> ever, have lost 5 per cent of their value this week. Government security prices also rallied, although long-dated gilt-edged stocks finished the day about

1/2 points lower than on Wednesday. Those movements reflected uncertainty about whether the rise in base rates to 12 per cent would be enough to prevent a further slide in

# UK 'will not be hurt'

Continued from Page 1

The British Government, he said, though the industrial unrest had did not have targets for either the undoubtedly affected financial marparticular, he rejected suggestions disruptions had been dramatically that the Government might consider linking sterling to other EEC currencies in the European Monetary

The opposition Labour party leader. Mr Neil Kinnock, accused



# SECTION II - INTERNATIONAL COMPANIES

# FINANCIALTIMES

Friday July 13 1984

Buy where your builder buys. Branches – London and BUILDERS MERCHANTS

INTERFIRST RESULT REFLECTS LEGACY OF ENERGY LOAN LOSSES

# Chemical Bank profits up 10%

BY PAUL TAYLOR IN NEW YORK

CHEMICAL BANK, the sixth-largest U.S. banking group in terms of year-end assets, yesterday reported a 10 per cent increase in secondquarter net earnings to \$76.785m. Chemical was among the first of battered by losses on its energy a group of major U.S. money centre portfolio in the third quarter last banks to report their eagerly await-

ed second-quarter earnings yester-day. Others included Marine Midland InterFirst and Irving Bank. Chemical's second-quarter earnings, equivalent to \$1.45 a share, in the latest period comared with net earnings of \$69.66m, or \$1.45 a share in the same period last year. The per-share figures reflect the sale of ad-

ditional common stock. First-half earnings increased to lighted last year when it reported a \$155.13m, or \$3.03 a share, compared with \$141.19m, or \$3.08 a

ity owned by the Hongkong and quently forced by the Securities Shanghai Banking Corporation, in- and Exchange Commission to increased its second-quarter net increase its reported loss to \$243.5m. come by 12.2 per cent to \$26.4m, or \$1.24 a share, compared with ed InterFirst's first half net earnings to \$23m or \$4 cents a share

**Further strong** 

growth for U.S.

INTEL Corporation, the California

semiconductor maker, has reported

earnings of \$54.0m or 47 cents per

share, for the second quarter end-ing June 30th, up from \$24.3m or 22

cents per share for the same period

last year. Revenues were £410m

Like other U.S. chip makers, Intel

has experienced a dramatic in-

crease in demand for its integrated

circuits. "We have completed our

fifth consecutive quarter of very strong growth," said Intel chairman

Mr Gordon Moore, "and we expect

to see continued growth in our ship-

"Frantic buying" of chips, how-ever, has "moderated somewhat"

Intel said that its microproces-

sors - the devices used to build

high performance personal compu-ters including Tandy Corporation.

es of these parts has

said Mr Moore.

against \$259.5m in 1983.

chip maker

By Louise Kehoe

share, from \$46.93m, or \$2.28 a

InterFirst, the Dallas, Texasbased banking group which was year, reported a further slight improvement in quarterly earnings, although they remain sharply below corresponding 1983 levels.

pares with \$9.6m, or 14 cents a share, in the first quarter and \$31.8m, or 58 cents a share, in the

InterFirst's problems were highared with \$141.19m, or \$3.08 a largest ever reported by a U.S. bare.

Marine Midland, which is major in write-offs. The bank was subse-

BY OUR NEW YORK STAFF

reported an 11 per cent increase in

second-quarter net income led by a

strong performance by its consum-

er product businesses. The compa-

earnings during the quarter be-cause they were offset by balance-

Second-quarter net income in-

creased to \$579m or \$1.21 a share

from \$521m or \$1.15 a share in the

same period last year. Sales fell by

\$60m to \$6.66bn, mainly because of

the disposal of Utah International

to \$1.064bn or \$2.35 a share on sales

or \$2.08 a share on sales of \$12.82bn

strong operating efficiencies from

ongoing productivity investments; \$475m re use of gains from Utah and house company

sheet restructuring provisions.

**Consumer products** 

GENERAL ELECTRIC, the diversi- wares dispositions for additional

fied U.S. manufacturing group, has restructuring of reserves and asset

ny said asset sales scarcely affected to add to future earnings growth."

and GE's housewares business.

Mr John Welch, chairman, said large appliances, appliance components and lighting "which continuitions, sales were 6 per cent higher under the continuity of the

in the quarter and 7 per cent up in the first half. The second quarter well as greater productivity."

Well as greater productivity."

Mr Welch added that similar im-

boosted net income for the first half provements were reported by the

Mr Welch said GE's second quar-fore tax resultant from two ter had three significant aspects: "continued favourable impact of providing for future contractual ob-

side boosts GE

earnings grew to \$50m, or \$2.29 a from \$69.2m or \$1.21 a share in the same period last year.

Mr Robert Stewart, who took over as chairman and chief executive in January after the resignation of Mr Elvis Mason, said the bank's earnings continued to reflect non-performing assets and other pressures on net interest margin. Nevertheless, he was pleased to note a number of "positive indica-

Net interest margin increased from 3.53 per cent in the first quarter to 3.94 per cent in the latest period compared with 3.99 per cent a

year ago. Net loan charge-offs were \$59m in the quarter, down from \$69.2m in the first quarter. So far this year the bank has charged off \$128.2m in loans against \$81.6m in the same period last year. The reserve for possible loan losses now stands at \$236m or 1.59 per cent of loans out-

Non-performing loans at the end of the second quarter stood at \$816m compared with \$754m a year

revaluations to improve the compa-

ny's long-term competitive position;

and implementation of several ma-

jor development activities in order

strength of the group's operations was evident in the "excellent" op-

erating margin, which equalled 10.5 per cent of sales for the second

quarter "even without the relatively high margin contribution of Utah."

He said particularly strong operat-

ing results were achieved by con-

sumer-driven businesses such as

company's high-technology materi-

The GE chairman said the

ago and \$866m at the end of the first quarter.

Irving Bank reported a 10 per cent increase in second-quarter net earnings to \$26.3m, or \$1.38 a share, compared with \$23.8m, or \$1.26 a Six-month earnings increased to cent decision to resume dividends, \$52.96m, or \$2.79 a share, from \$47.87m, or \$2.52m in the 1992. \$47.87m, or \$2.52m, in the 1983 first-

Mr Joseph Rice, chairman, said an increase in net interest income to \$ 132.4m from \$118.6m a year ago and higher non-interest income were the primary factors behind ly offset, however, by a \$1m in-crease in the bank's loan loss provision to \$7.5m, higher non-interest expenses and higher effective tax

Non-performing loans increased to \$298.6m, or 2.63 per cent of total loans, at the end of the quarter, ared with \$275.7m, or 2.74 pe cent, at the same time last year. The latest figures include \$61.8m of non-accruing Argentine loans

# **Data Systems** puts Raytheon into the red

By Terry Byland in New York RAYTHEON, the major U.S. defence, aerospace and energy services company, lifted second-quarter net earnings from continuing operations to S85m, or S1 a share, against \$76.8m, or 91 cents.

The figures exclude a \$96.4m loss, as expected, on the sale of its Data Systems division, which produced a final net loss for the quarter of \$11.4m, against a profit of \$77.8m.

Half-year net earnings from continuing operations edged up from \$149.4m or \$1.77 a share to \$164.6m or \$1.94, while final net, after the loss on the disposal, was \$67.7m, which compares with profits of \$150.7mL

Sales for the first six months rose from \$2.76bn to \$3.02bn, with \$1.52bn (\$1.45bn) in the latest quar-

The electronic systems division second quarter, said the board, and topped \$4bn, against \$3.3bn a year ago. But the energy services divi-sion, although profitable, was be-hind the previous year, because oil ligations. That gain was offset by a \$475m reserve established by the industry exploration remained slug-

# earnings up 15% in quarter

Lockheed

LOCKHEED'S restoration to finanprofits advance for the Californian erospace group in the second quarter, when net income rose by 15.7 per cent from \$68m a year ago to \$78.7m.

\$1.06 to \$1.21, while sales soared by 21.3 per cent from \$1.59bn to \$1.93bn. Over the first six months, net income showed an even greater increase, rising by 22.4 per cent from \$119.6m, or \$1.94 a share, to \$146.4m, or \$2.26 a share.

First half turnover rose by almost 17 per cent from \$3bn to \$3.5bn. The order position also remained strong, although the indications are that demand is now flattening out after the rapid increases earlier in the current U.S. expansion.

# Special gain lifts Teledyne

By Our New York Staff

TELEDYNE, the Los Angeles-based diversified manufacturing group, yesterday reported sharply higher second-quarter net earnings fuelled by a \$282.8m gain on the sale of in-

The conglomerate also reported sharply higher per-share earnings resulting from its mammoth \$1.73bn share buy-back scheme completed last month with the purchase of 8.7m shares at \$200 a share. The company said the average number of shares outstanding for the latest quarter was 17.23m compared with 20.52m a year ago.

As a result. Teledyne said secondquarter net earnings increased to \$355.7m, or \$20.65 a share, compared with \$72.6m, or \$3.54, in the corresponding period last year.

# Westinghouse up 33% despite modest sales rise

BY OUR NEW YORK STAFF

electrical, industrial and broadcastng group, yesterday reported a 33 per cent advance in second-quarter profits. Sales rose by 7 per cent.

Net income for the three months to the end of June was \$128.1m, or 72 cents a share, against \$96.4m, or 54 cents a share, a year ago. Sales rose to \$2.56bn from \$2.39bn.

First-half earnings advanced \$244.7m, or \$1.38 a share, up 24.4 per cent on the \$196.7m, or \$1.11 a share, in the same period of 1983. Sales for the six months were \$4.83bn, compared with \$4.67bn.

The most notable feature of the the turnover of the industries year.

WESTINGHOUSE Electric, the U.S. group, which supplies capital goods and services to the industrial, con-struction and utility markets. The U.S. expansion has been slow to reach that area, but Mr Douglas Danforth, chairman, said that the sales increase in the division had been encouraging and that im-

proved order rates were continuing. Sales also rose in the commercial broadcasting and cables divisions, but declined slightly in the energy and advanced technology busi-

The energy and advanced technology groups increased operating profits, while the profit of the broadcasting and cable groups were second quarter was a recovery in on about the same level as last

# U.S. health care sector problems hit Baxter

BY OUR NEW YORK STAFF

the U.S. manufacturer of medical care products, gave a clear pointer to the current difficulties of the U.S. health care industry yesterday when it announced an 11 per cent decline in second-quarter earnings from \$53.5m, or 38 cents a share, to \$47.4m, or 34 cents.

The fall follows a first-quarter drop in net income of 28 per cent, and was accompanied by a warning the rise in the dollar, sales in overseas markets had been stronger from the group's president, Mr Vernon Loucks, that it was unlikely that the company would be able to for the full year.

Mr Loucks blamed the lower level of U.S. hospital activity caused by constraints in the Government's Medicare programme, with the continuing strength of the dollar, for putting pressure on profits.

Sales for the second quarter amounted to \$473.5m, a 2 per cent

BAXTER Travenol Laboratories, increase over the \$464.6m achieved in the comparable period of 1983, but fell by 2 per cent in the sixmonth period from \$894.1m to

> Net profits for the first half were down by 19 per cent, from \$102.4m, or 72 cents a share, to \$82.9m, or 59 The company said that, despite

than at home. Operating expenses for the quar-

ter were unchanged from 1983. post an advance in operating profits despite a 22 per cent rise in research and development expendi-

In contrast, American Hospital Supply, the largest distributor and an increasingly important manufac turer of hospital and laboratory supplies, lifted second-quarter net profits from \$52.8m or 71 cents a share to \$59.8m or 82 cents.

# Recovery in aluminium prices aids Reynolds

By Our New York Staff

REYNOLDS Metals, the second largest U.S. aluminium producer, has achieved a dramatic profits turnround in the second quarter, thanks to the continuing recovery in aluminium prices.

Earnings emerged at \$37.3m, or \$1.74 a share, against a loss of \$89.1m, or \$3.55 a share in 1983, and showed a significant gain over the \$22.3m profit achieved in the first

quarter Mr David Reynolds, chairman, said the company's emphasis on high value-added products, along with continued cost reductions productivity improvements and higher operating rates had all given an additional boost to increased

prices in helping the profits im-He said there had recently been a slowing in new order rates and softer prices for certain products, but he expected the aluminium business to strengthen in the latter half of the year, with industry shipments up about 11 per cent for the

full 12 months. Reynolds own deliveries amounted to 297,800 tons in the second quarter against 296,900 tons in the same period of last year and 306,300 tons in the first quarter.

Sales in the second quarter mounted to S1bn, up from \$853.4m, and for the first six months were \$1.95bn compared with \$1.6bn. Earnings for the first half came to \$59.6m, or \$2.77 a share, against a loss of \$129.3m, or \$8.66 a share.

· Alcoa, the major U.S. aluminium producer, has concluded protracted negotiations with Construtora Camargo Correa, the leading Brazilian construction company, for the sale of over a third of its Brazilian subsidiary, Alcoa Aluminio S.A.

Under contracts signed in Pittsburgh on Tuesday, Camargo Correa will subscribe to \$240m worth of new shares in Alcoa Aluminio over the next two years.

AL-MAL GROUP

BANCA DEL GOTTARDO

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Wilson and Partners Subury Court 374 Silbery Bobileyard Central Milton Keynes. Here See Alliance have dealed a trip of Debenham Tewson & Chinnocks comma Their quality is unrivalled. Each building provides up to 25,500 sq ft of enther pure citares on a mix of offices and related Milton Keynes Development Corporation Rental levels are lower than in the city centre, and leasing arrangements can be flexible too. A development by Sun Alliance Institance Group

# Ball bearing maker adds chips to the menu

mainly with empty desks. In one room is an architect's model in nearby Tateyama. In another tor subsidiary of the electro-room are wall-maps illustrating nics group Sanyo. the commuting distances between Tateyama and Tokyo, and between Tokyo and Colorado Springs in the U.S.

Colorado Springs is the U.S. base of Inmos, the British government-controlled microelectronics group which recently agreed to licence to NMB the technology to manufacture a 256 kilbyte dynamic random access memory (256 d-ram) microchip, the component which provides memory capa-

ty for computers.
The 256\ chip, is just entering mass production in Japan and the U.S. as the most powerful. state-of-the-art standard chip. NMB's production of such chips will take it into head-on competition with some of the world's largest electronics firms. including Hitachi, NEC and

Analysts watch the situation with interest. Not only does NMB Semiconductor lack a track record in integrated circuit making: it is a recently-formed company with no track record

tor offshoot. It has already recruited a president for the new company, 66-year-old Mr Takumi of NMB's proposed new factory Tamura, from the semiconduc-

The empty desks at headquarters office are awaiting other agreed defections.

NMB Semiconductor is out to prove the contention of Mr Takami Takahashi, Minebea's forthright boss, that the difficul-ties of producing high-tech silicon chips are greatly exaggerated. NMB is not disclosing its total cash investment in the project, but outside estimates put it at around \$200m. traction of "Nippon Miniature Bearings"—in 1959, when it was a ball bearing maker with

annual sales of \$170,000. Ιn the financial year to September, Minebea's sales totalled the equivalent of \$470m reflecting a diversification away from ballbearings to include the manufacture of personal computer keyboards, loud-speakers (bought from Sony last year), defence electronics components, precision motors electronic calculators.

Mineabea, however, remains



sell 90 per cent of the output by

Minebea's stated policy to grow through acquisition, mainly of manufacturing facilities which bring component production

He has opened 18 manufacturing plants overseas, the largest in Singapore and Thailand, to take advantage of lower taxes and labour costs; and in the U.S. to lessen trade

Only last week, Minibea made

over succeeding, said it is perfect chips produced. actively considering the bid. The initial capital structure Last year's sales were \$55m, of NMB Semiconductor comhalf of which were for

the military market. However, recent rapid expansion has depressed Minebea's net profits, which fell from Y2.2bn (\$9m) in 1981-82 to Y1bn in 1982-83. Mr Takahashi says that, with heavy investment in Singapore now com-pleted, profits should rebound

sharply this year and next.

An economist by training,
Mr Takahashi describes himself as a "production man." He
works in an office which is almost ostentatiously scruffy, and refuses to credit the pro-cess of silicon-chip manufacture with any particular mystique. He believes that the skills which Minebea has perfected in the mass production of miniature bearings are transferable to the manufacturing of semi-

Inmos has agreed to buy half of NMB Semiconductor's production. The two companies will also work together towards a 1 megabyte chip—the next generation product capable of storing

conductors

1m pieces of information.

NMB's Tateyama plant is scheduled to be producing be-tween 1m and 2m chips monthly by the end of next year. While NMB is not being too specific ompany with no track record at all.

Its principal sponsor is minebea, a Japanese firm whose traditional line of business is making precision bearings. Minebea, in an un-Japanese fashion, is hiring-in from other fashion, is hiring-in from other firms the trained brains which minebea, at all line of business is making precision bearings. By any standards and particularly by those of Japan, Mr market. New Hampshire, whose fashion, is hiring-in from other fashion, is hiring-in from other firms the trained brains which minebea, and the largest manufacturer of precision bearings in the world, date by bidding \$110m for New Hampshire Ball Bearings, a strong foothold in the military market. New Hampshire, whose of Japan, Mr market. New Hampshire, whose of the lustreesman. He has made it stay on in the event of the take-

prises paid-up equity of Y2.5bn, 18 per cent of which comes from Mineba, 3 per cent from Mr Takahashi, 4 per cent from Mr Tamura, 54 per cent from three Japanese venture capital funds, and the balance from Japanese banks.

Next year, Minebea will raise its shareholding to a majority by subscribing for another Y2.5bn of equity. Mr Takahashi says that, if all goes well, NMB Semiconductor may be seeking

own in five or six years.

By jumping straight into
256k chips, Minebea is going for the fastest-growing sector of the semi-conductor market. This chip is likely to overtake the 64k one as the largest-selling microchip in 1985-86, with the 100m chips annually in three years.

Minebea will be grappling for market share, however, with competitors including Hitachi, Toshiba, Fujitsu and NEC, all of which are already mass-producing 256k d-rams, and each of which is likely to be producing at least 1m chips monthly by next spring. If Minebea did prove itself an efficient manufeaturer, it would still remain vulnerable to the pricing and production tactics of far more powerful competitors. Mr Taka-hashi is unworried. "I could," he promises, "sell 90 per cent of the output of this plant by

# Motorcycle sales volume fell

But stronger demand in the U.S. supported sales volume

Sales of power products, including generators and lawn mowers, rose by 28 per cent to Y39.6bn in the quarter, while sales of parts rose 14 per cent to Y94.7bn.

In its most recent full fiscal year, to February 29 1984, Honda reported consolidated net profits of Y95.6bn, up by 32.3 per cent on the year before.

Mitsubishi Bank, one of Japan's leading commercial banks, is to co-operate with IBM Japan, Japanese sub-sidiary of the U.S. computer group, to develop and market a cash management system for smaller Japanese financial

# Honda well

By Robert Cottrell in Tokyo

ahead

in first

quarter

HONDA MOTOR has reported consolidated net profits for the three months to May 31 of Y28.5bn (\$117m), up 38 cent on last year's V20.7bs.

Sales for this opening quarter totalled Y669bn, 20 per cent up on the Y558bn in the first quarter of 1983-84. Of the sales total, 28 per cent (Y185bn) arose in Japan, and 72 per cent (Y484bn) over-

Honda said its improved profitability reflected curbs on selling and administrative overheads, which accounted for 18 per cent of sales, against 20.7 per cent a year continuous c earlier.

Automobile sales rose by 21 per cent year-on-year in unit terms, to 310,000 units, and by 36 per cent in value terms, to Y3935n, representing 59 per cent of total group sales.

By market, 96,000 auto-mobiles were sold in Japan (93,000 a year earlier) while 214,000 were sold overseas (164,000 a year earlier).

by 15 per cent, to 747,900 units, and by 9 per cent in value terms, to Y142bn. Domestic sales volume fell from 428,000 motorcycles in the first quarter of the last fiscal years to 200 000 in this years. year to 299,000 in this year's comparable period.

overseas, where unit sales of 448,000 compared with 451,000 a vear earlier.

SINGAPORE PRESS MERGER

# Publishers baulk at costs of competing

BY CHRIS SHERWELL, SOUTH EAST ASIA CORRESPONDENT

premier English-language daily, undertake carried placards and wore black he said. the Straits Times, Singapore's armbands yesterday in a demonstration of anger at Wednesday's surprise announcement that the island state's newspapers are all to be brought under a single holding company.

But as one senior staff member quietly pointed out, their bulky annual bonuses remain safe because the remarkable deal makes clear commercial sense even if it might leave readers and the Singapore Press

worse off.
The deal links Times Publishing, its sister company The Straits Times Press, and the competing Singapore News and Publications Ltd (SNPL) in a new and still unnamed con-glomerate, with a market value of more than \$1.4bn (U.S.\$655m). That makes it

Singapore's biggest industrial group and the sixth largest company quoted on the stock exchange after four banks, and the plantation group Sime One of those banks. Oversea-Chinese Banking Corporation,

is the dominant shareholder of limes Publishing. Another large Singapore bank, Overseas Union Bank, which ranks 10th on the stock exchange, is a major shareholder of SNPL. The new company will be 58.4 per cent owned by Times Publishing, with Straits Times Press holding 25.6 per cent, and SNPL 16 per cent. At present, SNPL publishes the Singapore Monter on Englisher and Englisher an

Monitor, an English-language evening tabloid, the Sunday Monitor and two Chinese morning and evening dailies. Straits Times Press publishes the Straits Times morning daily, the Sunday Times, the specialist Business Times, two Malay language papers, and a

Animese paper. A statement from company on Wednesday night promised that the status quo would remain, and worried staff were told yesterday this would last for two years. But it is difficult to see the new company

avoiding a rationalisation of Mr Lyn Holloway, a senior director of Times Publishing and of Straits Times Press, told the Financial Times that this

JOURNALISTS WORKING on noon paper for each of the languages. "Changes must be undertaken with imagination," "The papers will but in different markets." This nevertheless

uncomfortably with the inten-tion behind the governmentinspired re-structuring of the industry less than three years ago, when SNPL was created It was allocated two Chinese papers, and for three years was "lent" two Straits Times Press titles, the New Nation and Sunday Nation, which became

Sunday Nation, which became
the two Monitor newspapers.
The Government then said
openly it wanted two competing
publishing houses.
Nor does the move hide the
harsh truth that the duopoly
created by the restructuring is
now being converted into a
single, larger monopoly of
awesome money-making poten-Straits Times Press, for

example, made a trading profit of \$\$29.3m last year on turnor sp.29.5m last year on turn-over of \$\$133.8m. Times Pub-lishing turnover was even larger, at \$\$491m, with pre tax profits of \$\$60m. SNPL announced pre-tax profits of \$\$25m on a \$\$11.7m turnover. As a result of the merger, say the three companies, they will now avoid the \$\$20-30m costs of a circulation war that was already shaping up in anticipa-tion of the Monitor becoming a morning paper and Straits Times Press restarting the New Nation. The three will also avoid dislocating capital expen-

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diture.
More important, the new company will be better poised to advance its communication and information technology, Singa-pore's telecommunication company, Telecoms, has recently raised its stake in Times Publishing to nine per cent,

Inevitably, it is presumed that the Government encouraged this deal to go ahead. Negotiations took only a month, and the news came like a thunderbolt, both to the stock market and to the newspapers staffs. Even the editor-in-chief of the Straits Times called the news devastating."

But whether the average reader will truly suffer without the invigorating breeze of existing competition, is open to question, for he is already did not necessarily mean served an unrelem-closures, and the production of off-beat, uncatical just one morning and one afterserved an unrelenting diet of off-beat, uncritical news cover-

# Nicholas Kiwi shareholders

reject takeover MELBOURNE—Nicholas Kiwi yesterday sald that its major shareholders support the board's view that the A\$300m (U.S.\$247m) bid for the company from brewer Castlemaine Tooheys is inadequate and unaccentable

The major shareholders are the Nicholas and Ramsay families, who hold about 45 per cent of Nicholas Kiwi's issued capital of 73.92m shares. Castlemaine proposed A\$4.00 cash per share, or one of its own shares plus A\$3.75 cash for every two Nicholas Kiwi

shares. Castlemaine shares have been trading at A\$4.25. However, Nicholas Kiwi shares have been trading at about A\$4.13 Reuter

# Westpac and Ord Minnett in broking link

BY LACHLAN DRUMMOND IN SYDNEY

WESTPAC Banking Corporation, Australia's largest bank, has taken up a half share in the stockbroker Ord Minnett, finalising the banking-broking alignment for the three big private

The linking of the Sydney-based groups has been expected for some time. But initial wariness among the younger members of the broking firm and delays in finalising
the regulatory environment
allowing incorporation of brokers and outside shareholders
have held off the marriage.

Westpac's move to a 50 per
cent stake in Ord Minnett Holding comes a week after Ord's ings comes a week after Ord's was selected as the preferred

managed by Westpac. Its link comes after the

National Australian Bank has taken a half share in A. C. share market support services
Goode, while the ANZ Bank for its corporate clients in a
has linked with McCaughan
Dyson. Outside the trading
The additional muscle will banks the Elders Group has 40 per cent of Roach Cilley Grice, and Wardleys, the Hong Kong-owned merchant bank, has taken the maximum foreign stake of 14.9 per cent in a new firm, Rivkin.

The inevitable linkage of Ord Minnett is among the top for its own investment trust Westpac with a broker will five brokers in Australia with a and share offerings by clients allow it to match its banking major presence in the equity marketed through the national rivals as they strive to become full service financial houses. broker for a Westpac marketing strategy which allows a sweep-Westpac has more than A-1bn (US\$833m) of funds under

ing of funds to and from bank active management. It will now holding company board. Reflect-accounts and other investments be able to step up retail efforts ing the regulatory efforts to will also have the ability to offer full underwriting and assist Ords in its underwriting and principal dealing functions, the latter having taken on a more important role since the

introduction of negotiated com-

mission in share broking from and debt underwriting area.

of the bankers is from Westpac's investment management side.

Meanwhile, three of the biggest brokers—Bain, J. B. Were and Sons, and Potter Partners - have opted for independence while the govern ment-owned Commonwealth Bank remains unconvinced of the need for a direct linkage with one broker.

Potter Partners' move earlier this week to have prospectuses Post Office network is a sign of The existing firm will have the innovation the more four Ord representatives against independently minded brokers three from Westpac on the new are pursuing.



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# INTL. COMPANIES & FINANCE

# VW puts strike cost at DM500m

VOLKSWAGEN sees little hope of resuming dividends this year because of the financial setback he said it was too early to inflicted by the metalworkers'

S MERCER

Dr Carl Hahn, chief execu-tive of the West German motor group, told shareholders yesterday that the loss of production during the labour dispute would have a "negative influence" of DM 500m (\$176m) on group after-tax profits for 1624

VW said the estimated impact the labour conflict would line, however, as the company made up some of the lost production and lost earn-ings, and as it intensified cost

controls.

Like almost all the German motor industry. VW was forced to halt assembly lines in late May after metalworkers went on strike at component makers and cut off the flow of car parts.
Before resuming production
last week, VW and its Audi subsidiary lost production of
160,000 vehicles and sales of
DM 2,8bn. Revenue during the shutdown was only a quarter of the normal level.

Dr Rahn said that the com-pany would try to catch up, partly by working during the normal August holiday shut-down, but was unlikely to make

He said it was too early to predict a year's financial results because of the attempt to recover ground and because of uncertainty about Latin American business. But he was very sceptical about whether the result could enable a dividend

VW has not paid a dividend for two years, after losses of DM 300m in 1982 and DM 215m last year. The group turned round to a profit of DM 51m in the first quarter of this year from a loss of DM 100m in the The VW management and the

supervisory board—represent-ing shareholders and workers— came under strong criticism over the company's performance at the meeting, which was marked by tense moments and some sharp exchanges.

Some shareholders who criticised the metal workers' strike in West Germany were at times interrupted by boos and whistles from VW employees at the meeting.

Dr Hahn said that the labour

conflict would show up with a ness. For the first five months "painful" impact on VW's of this year, deliveries to anancial result for the first half



Dr Carl Hahn: ground

But he said there was also ground for optimism and VW's position was basically solid, despite negative influences, mostly outside the company's

He said that economic condi-tions were favourable and VW had in many ways strengthened its international competitiveof this year, deliveries to customers in Germany had improved by 1.2 per cent to

349.000 vehicles. But with the assembly lines

halted throughout last month. deliveries to customers in June were down 46.8 per cent at only 45,000 vehicles. As a result deliveries in the first half year were 8.2 per cent lower than a year ago at 394,000.

Dr Hahn said that the effects of the shutdown would show up in export sales this month. In the first half-year, sales in West European export markets were up 2.1 per cent to 332,000, while U.S. sales were up 34.8 per cent at 142,000.

He added that the company had increased the capacity to produce Golf and Jetta models, and proposed to hire 1,000 extra workers, mostly in Wolfsburg.

It had also signed a contract to help build a further 2,000 Santana models in China by next March, on top of earlier contracts to help build 600 vehicles. The company was hoping to form a joint company to build at least 20,000 Santanas in Shanghai from 1988.

VW has already agreed to start building a plant in China to begin producing 100,000 engines a year from 1988 mainly for export to VW's own

# Sweden accepts \$1bn increase in loan facility

SWEDEN yesterday accepted a \$1bn increase in the amount of the loan facility it is seeking in the Euromarkets, bringing the total amount to \$4bn.

It will use the extra money to prepay an additional \$1bn in floating rate dollar debt, leaving only \$300m which has not been refinanced at lower cost and the press Transform division. year, Mr Peter Engstrom, director of the National Debt Office

said yesterday.

The loans to be repaid early include two private operations totalling \$200m, as well as the \$800m portion of a credit arranged through Morgan arranged through Morgan Guaranty in 1981 which also had a tranche of SDR 500m (special drawing rights, the currency unit of the Inter-national Monetary Fund).

Sweden has now basically completed its programme of refinancing its dollar floating rate debt, as the terms of the remaining \$300m are "quite reasonable," Mr Engstrom said. But it has floating rate debt in other currencles, including £650m in sterling, and its whole borrowing portfolio is under

The \$4bn loan facility gives
Sweden the choice of drawing funds on a normal Eurocredit basis, or of issuing short-term basis, or of issuing short-term Euronotes, or of inviting parti-cipating banks to offer short-term advances. The facility has been arranged through Bank of Tokyo, Chase Manhattan, Citi-corp, Morgan Guaranty and Svenska Handelsbanken.

# First-half profits fall at ABN

By Walter Ellis in Amsterdam

ABN, the Netherlands' largest commercial bank, has joined Amsterdam-Rotterdam Bank Amsterdam-Rotterdam Bank (Amro), the country's number two, in disclosing a fall in results for the first half

results for the first fiant But, whereas Amro's down-turn can be attributed largely to its involvement in the loss-making European American Bank (EAB), ABN says that a 19 per cent drop in net profits from January to May was caused by falling Dutch interest rate

margins and a slow growth in demand for credit.

In the prospectus for a FI 150m 9.25 per cent capital bond, due 1985-2004, issued this week, ABN says that its 1984 result as a whole is likely to come under pressure. Last year, earnings reached a record F1 1.33bn (\$415m). Provisions against debt out of this year's profits are expected to be similar to the F1 650m set aside in 1983,

# Banks reach accord on Rumasa

BY DAVID WHITE IN MADRID

SPAIN'S principal private banks have reached agreement on the future of the banks within the Rumasa group which are being reprivatised after their seizure by the Government early last

The share-out of responsibility, announced yesterday by Sr Rafael Termes, chairman of the Spanish Private Banking Association (AEB), follows Cabinet approval of a deal with Spain's 12 top banks for handing the Rumasa units back to the private sector.

The Rumasa banks have a

have deposits equivalent to about 3 per cent of Spain's banking system.
The deal, approved Cabinet two weeks ago, involves

staff of more than 7,000 and

the issue of government bonds Vizcaya.

worth Pta 440bn (\$2.73bn), The five Rumasa units conwhich will be subscribed jointly sidered to be in poorest finan-

Pta (bn)

by the 12 banks in accordance with their size. The money will Rumasa loans. The biggest of the Rumasa

banks, Banco Atlantico, has been sold to a consortium led by Arab Banking Corporation. Number two in size, Bankisur, is to be taken over by Banco de

cial shape have each been allocated to an individual bank with the exception of one, the Catalonia-based Banco Condal whose 92-branch network is now due to be split up among the purchasing consortium.

Banesto is to add four banks to its group and Banco Central is to acquire three banks. Banco Hispano Americano will take on

Only one of Spain's medium-sized banks, Banco Zaragozano, is directly involved in the share out, taking over the small Banco

The agreement is based on a compensation deal among the banks to share out the uneven burden of debt which the Rumasa interests have accumulated with the Bank of Spain following last year's expropria

# Hertie halves operating losses

groups, halved operating losses last year to DM 16m (\$5.6m) and pulled its Bilka shops out of the red for the first time since 1972.

The improved result, due above all to cost-cutting and rationalisation, came on sales

HERTIE, one of West factor is excluded, then 1988
Germany's leading retail store sales were up by 2.7 per cent.

groups, halved operating losses

As part of its long-standing major German store groups last As part of its long-standing efforts to restore the Bilka chain to profit, Hertie has closed six stores since 1982 and concentrated on building up Bilka's successful textile sales

down by 1.1 per cent on the 1982 figure to DM 6.1bn.
However, 1982 was also Hertie's centenary year marked by special offers which helped inflate revenue. If this special 7.5m in 1982.

year. Karstadt and Kaufhof increased their dividends and Horten is resuming a payout. Results for the first six

months of the current year have been less cheering. Hertie reports group turnover down by 5 per cent against the same period of 1983, at least partly because of customer uncertainty caused by the strikes in the metalworking and printing industries.

# Kubota edges forward

BY YOKO SHIBATA IN TOKYO

KUBOTA, Japan's manufacturer of cast iron pipes and agricultural and industrial machinery lifted consolidated net profits by 3.9 per cent to Y13.60n (\$56m) in the fiscal

year ended April 30. Sales were Y617.6bn, up 2.7 per cent from the previous year. Net profits per American Depositary Share (each ADR represents 20 shares of common stock) advanced to Y211, from Y203 in the previous year. In the second half, overseas

sales of agricultural machinery —its main business—advanced.
But domestic sales remained static reflecting the government's policy of curbing rice production. Government restric-

leading ture slowed sales of cast iron on pipes pipes and anti-pollution equipment.

Exports rose by 11.8 per cent to account for 21 per cent of total turnover.

For the current fiscal year ending April 1985, higher domestic demand for agricul-tural machinery is expected as a result of the Government's change of policy on rice production which is to be expanded to ease a possible shortage after bad crops for four consecutive years,

tions on public work expendi- for the current fiscal year.

# **Ducellier** to cut workforce by around 18%

By David Marsh in Basle

DUCELLIER, the loss-making French motor components company now owned by the Valeo group, has announced plans to cuts its workforce by 970, or about 18 per cent

No details have been de-cided as the plan is still being discussed with unions. Ducellier said in a communique that the lay-offs were necessary because of uncompetitive costs, a 30 per cent fall in volume of activity over the past two years and accumulated losses over four years of FFr 200m (\$23m). "The survival of Ducellier makes this adjustment inevit-able," the company said,

# INTERNATIONAL APPOINTMENTS

# Changes at International Multifoods

Mexico.

Mr Jorgen Melchior, senior vice-president of the corporate banking department, DEN appointed first vice-president.

• Mr James W. Turner has been

the corporate services program at Citicorp Diners Club.

Former Conference Board president and FDIC chairman Kenneth A. Randall has been

banking department, DEN
DANSKE BANK, Copenhagen,
has been appointed executive
vice-president, Mr Ole Jakobsen,
vice-president of the foreign
exchange department, has been
president and FDIC chairman
president and FDIC chairman PUTERS INC. Mr Randall will be responsible for developing and implementing the long range strategic business plans and elected president of PHELPS objectives of ICL, Inc., in the DODGE SALES COMPANY, INC., a subsidiary of Phelps Dodge Corpn, the U.S. copper producer. Mr Turner has been associated with Phelps Dodge for hils entire business career. He became vice-president of the sales company in 1972 and has served as its executive vice-president of St. Joe International dent since 1979. Mr Turner is dent of St. Joe International TION has elected Mr Thomas B.

Newman, who is retiring from Inco after 30 years service to become manager of the Mining Association of Manitoba. Mr Horner as E. F. Johnson's Malcolm C. E. Bell has been appointed Ontario division vice-president, miling, smelting and the newest subsidiary of the subsidiary operation St. Joe International Corp. Mr Deais Served as its executive vice-president of St. Joe International TION has elected Mr Thomas B.

national's Chilean subsidiaries, Jackson joined The Dreyfus Compania Minera Eal Indio. Mr In April 1983. Before that he was Faul Hodges will assume the office of president of St. Joe International's Chilean subsidiaries. He was previously vice president of operations for these subsidiaries. Mr Hodges will be based in Santiago, Chile. St. Joe Minerals Corporation is part of Mr Richard F. Herner. based in Santiago, Chile. St. Joe Equities Group.

Minerals Corporation is part of Mr Richard E. Herner.

Minerals Corporation is part of Mr Richard E. Horner, Fluor Corporation.

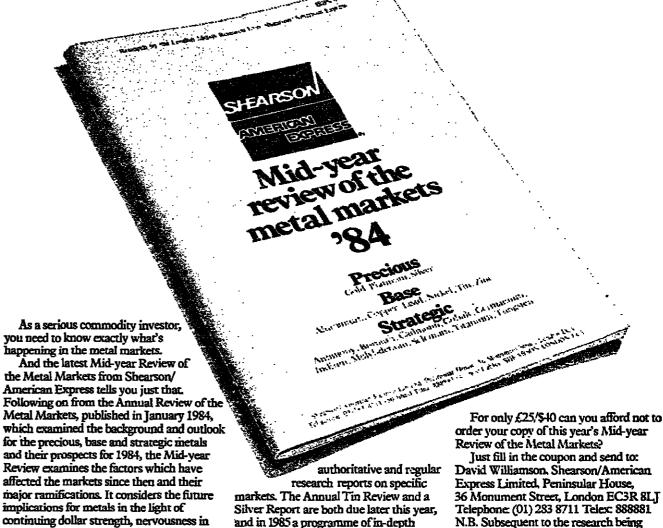
INCO has appointed Mr E. F. Johnson Company, a Michael D. Sopko president of the company's Ontario division. Western Union subsidiary, has been named president and chief executive of WESTERN UNION Newman, who is retiring from Inco after 30 years service to become manager of the Mining Association of Manitoba. Mr Mr Horner as E. F. Johnson's chief executive. Western Union appointed Ontario division vice-

INTERNATIONAL MULTIFOODS CORPORATION has elected president and chief operating officer and chief operating officer and chief executive officer. Mr William G. Phillips, formerly chief executive officer and chairman, will continue as chairman. Minneapoliss as diversified food processing corporation operating principally in the U.S., Canada, Venezuela and Mexico.

Also senior vice-president of Corporation with responsibilities for the company's business and development in for the company's business and development in for the company's business and development in charge of member relations. Africa and Asia. Mr Stein, who remains as chairman of the fund. Mr Stein is also chairman and chief executive office of president of St. Joe International's Chilean subsidiaries. Jackson joined The Dreyfus Compania Minera San Jose and Compania Minera San Jose a

Foreign investment It is the more capital-intensive sector of the economy.

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# "Today I believe most South Africans of all colours desire a more just and equitable society" - G. W. H. Relly

EXPRESS 1

Abridgement of the statement by Mr G. W. H. Relly, Chairman of Anglo American Corporation of South Africa Limited.

the financial markets ahead of the US

world's foremost commodity brokers,

Presidential elections and the prospects for

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inflation and economic growth into 1985.

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But they, like anyone seriously involved

in commodity investment, also need to know

what is happening. That's why they compile

The improvement of 9.3 per cent in group attributable profit to R554.1 million arises from an increase of R45.6 million to R494.8 million in investment income; this was due mainly to the higher distributions received from gold mining companies. directly or via Anglo American Gold Investment Company. Those higher dividends in turn were made possible by the increase of 15.1 per cent, to R474 an ounce, in the average rand price of gold in 1983, which flowed from a 12.7 per cent appreciation in the average dollar price, to \$424, and a 2.7 per cent depreciation of the rand. The fall in the dollar price since then, to an average of \$381 for the first half of 1984, has been offset by the further depreciation in the exchange rate, the rand price averaging R479 an ounce.

**PINANCIAL SUMMARY** Year to March 31 1984 1983 Equity Earnings Excluding share of retained **554.1** 506.8 profit of associated companies - R millions 243.8 223.3 — cents per share Including share of retained — R millions 800.2 637.7 profit of associated companies 352.0 280.9 - cents per share 272.8 249.7 - R millions - cents per share 126 110 4.238 3.321 Net asset value - cents per share

The dollar price of gold has weakened for reasons similar to those that have depressed most of the major international currencies. The kernel of the matter is the strength of the US dollar, resulting from the combination of high real interest rates and its world-wide attraction as an investment medium. In addition, sales of gold jewellery outside the United States and Japan have declined — owing largely to higher domestic gold prices in countries where disposable incomes were under pressure — leaving more gold to be taken up in a market characterised by investor indifference. So central is the metal to South Africa's well-being that the latest setback in the price, if it persists for any length of time, will of itself leave the authorities with no option but to tighten fiscal policy which would have further adverse consequences upon growth. At this juncture, however, it is as well to remember that the dollar's value will eventually be affected by the continuing US budget and current account deficits, particularly if the cost of financing them threatens to jeopardise the American recovery.

# South Africa and World economy

The condition of the world economy, on which South Africa trading internationally more than 25 per cent of its GDP - is so dependent, has changed significantly in recent years, mostly to our detriment. We cannot take for granted that we will move into the broad-based and sustained recovery in demand for our exports that we experienced in previous cycles. Our manufacturing industries, for reasons unexceptionable in themselves, are going to be required to adjust to protection primarily by way of tariffs instead of quotas, at a time of intense international competition which threatens to erode their share of the home market and/or jeopardise their ability to expand into export markets. Compounding the problem is the fact that in all but a few cases our productivity is not as high as in countries at a broadly comparable stage of development. For this we have to blame, mainly, an historical neglect of education and technical training and misdirection of the skills we do have.

Against an average increase of 63 000 jobs a year we have to set projections of the growth in the economically active population in the rest of this decade, which imply a need for job creation averaging more than 300 000 a year. Agriculture can do little to alleviate unemployment but there is no doubt that the informal sector, given the proper stimulus, could make a significant and cost-effective contribution to it.

however, that will remain a major engine of growth and employment creation in the longer term. That is yet another

reason why the issues of low productivity and the further erosion of comparative export advantage have to be faced. In a world that is growing both increasingly competitive and pro-tectionist, we cannot afford policies which impair our fundamental ability to pay our way. Failure to tackle the structural problems in our economy will effect the flow of foreign investment to South Africa just as surely as would heightened perceptions of political risk. It would be a tragic irony if such investment, so valuable to us still in terms of access to technology and employment, were to become less attractive on account of our relatively high costs, at a time when South Africa's acceptability overseas may be showing signs of improvement. Such improvement will not, of course, diminish calls for disinvestment from South Africa from people, particularly in the United States, who simplistically condemn any steps that lead to the economic upliftment of black South Africans as support for racism. Others, believing that such important issues should be viewed objectively, will ask themselves, inter alia, why the disinvestment lobby has failed to win any support among the vast majority of black South Africans whose interest it claims to represent.

# Political developments

Today I believe most South Africans of all colours desire a more just and equitable society. Mr P. W. Botha has chosen to set the country now on a course of what might be called decentralised democratisation which, while it maintains a substructure of racial self-determination, also appears to envisage a superstructure of national co-operation. If Mr Botha can maintain the thrust of his policy to embrace the urban black population and then move to some federal system to embrace the country as a whole, we may have reason to hope that these initiatives wi evoke the vitality and optimism to bring about a new era, with profound implications for southern Africa as a whole.

Reform of our economic system will require no less courage on the part of government, and from the private sector it will require a greater commitment to the principles of private enterprise than perhaps we have shown so far. The conflicts and contradictions in our economic structure are too deep-seated to lend themselves to easy and popular remedies.

Hard and difficult decisions have to be taken. Time is not on

our side; the pace of industrialisation in the Far East is proof of that. Provided we are determined to maximise our economic growth by removing or significantly reducing all obstacles to the allocation of resources by the market — uncomfortable for many of us though that may be — there is no reason why success should elude us. If we succeed in that aim, we shall also have succeeded in

another, without which the first is of limited usefulness. A more whole-hearted commitment to the free market system cannot have the required effect unless its benefits are freely extended to the people who by law or custom are still denied full access to them. Their willing and constructive participation will not be obtained without concomitant advancement in political and social, as well as monetary terms. Given that, we may then feel that the foundations of our society are securely laid, for among the virtues of the free enterprise system is one that surely is of special relevance to all South Africans: that in decentralising decisionmaking it decentralises political, as well as economic, power,

# **Anglo American Corporation of South Africa**

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# Imps tops £90m midway but growth slows down

IMPROVED TRADING results associates and lower interest charges have (£1m). combined to give Imperial Group

The tax a 15 per cent increase in taxable profit, from £79.1m to £90.7m, in the six months ended April 30 1984. The directors expect that the result for the full year will show a similar rate of progress.

At the last year end this tobacco, brewing and foods concern turned in taxable profits up by 27 per cent to £195.3m, on total sales of £4.38bn.

The directors have declared The directors have declared an interim dividend of 3p per share, against 2.75 last time when the total reached 7.8p. It is covered by earnings of 8.7p (7.8p) after tax, and 12.2p (10.9p) before, and represents the first increase in the interim for five years.

HIGHLY favourable market conditions helped Robert Fleming Holdings, the merchant bank group, to record a 28 per cent increase in profits for the year

ending March 31. After tax and transfer to inner reserves, these amounted to £15.5m compared to

£12.1m the year before. The dividend is being increased from

Mr J. Burnett-Stuart, the chairman, said all major departments of the group did well: investment management, banking, corporate finance and security dealing.

In addition, Save and Prosper,

the UK investment management company of which Fleming owns

company of which remains owns 57.7 per cent recorded a 47 per cent increase in profits to £6.64m. Overseas, Jardine Fleming, the group's joint vecture in Hong Kong with Jardine Matheson, had a record year, and further

30p to 40p.

Profit at the operating level showed a 5 per cent increase from £92.6m to £97.3m, to which the share of profits from

The taxable result was substantially boosted by a £6.4m drop in interest less investment drop in interest less investment income to £8.1m. The reduction was largely the result of higher cash balances during the period, due in part to the receipt of £90m from the disposal of the UK poultry business.

UK poultry business.

A divisional breakdown of turnover and operating profit reveals: tobacco £1.17hn (£1.2bn) and £55.7m (£54.3m); brewing and leisure £440.2m (£419.3m) and £32.2m (£28.1m); foods £352.9m (£301.4m) and £12.1m (£10.4m); Howard Johnson Company (the U.S. subsidiary) £242.1m (£220.9m) and loss £2.5m (loss £0.5m). Other activities added £13.3m (£12m) to sales and £100,000 (£300,000) to the return.

Commenting in detail, the directors state that at Imperial

advances were made by Rowe Price-Fleming International in Baltimore, which manages inter-national investments for U.S.

Mr Burnett-Stuart said con-

ditions had been more difficult in the first three months of this year "but I am confident that we shall cope profitably with the circumstances of 1984-85."

Of the changes currently sweeping through the City, Mr

Burnett-Stuart said the group's

strategy was to remain small.

strategy was to remain small. But he expected it to take an active role in the Stock Exchange. Fleming is a major broker - dealer in Japanese equities, with one of the largest such operations in London, so it would "make sense" for Fleming to become involved in the UK effuities market as well, he said.

Favourable market helps

Robert Fleming to £15.5m

Tobacco, trade buying in October, 1983, ahead of manufacturers' price increases, resulted in lower volumes in November and affects the com-parison between the two half-

years.

Apart from improvements in trading, operating profit of the UK divisions continued to benefit from further cost saving programmes and from the reorganisation of production and U.S. distribution facilities over the last two years. In the U.S., the Howard Johnson Company, noder increasing pressure of under increasing pressure on margins, again made a loss in what is for them the low season of the year.

The directors add that sub-

stantial new investment pro-grammes are being implemented in many parts of the group, nn many parts of the group, particularly in pubs, restaurants and hotels. Development of this kind inevitably has an impact on current profitability but "will

Mitchell Somers'

Pre-tax profits at Mitchell Somers, the West Midlands-based engineer and forge-master, declined from £1.23m

to £1.03m in the year to March 31, 1984. At halfway, the figures had fallen from £717,000 to just £9,000, and the chairman said at

as, wo, and the chairman said at the time that trading conditions in the group's forging and heavy machining subsidiaries had been poor, but some improvement was visible.

The final dividend is un-

changed at 1.75p for a same-again total of 3.25p. Earnings per 10p share were down from 6p to 5.2p, and net asset value per share was lower at 87p,

Group turnover for the year was down from £32.73m to £29.83m. The pre-tax figure was after interest charges of £286,000 (£489,000). Last time there was investment income of £114,000. Tax took £214,000.

against 99p.

slight decline



Geoffrey Kent, chairman of Imperial Group . . . foresees more

Tax and minorities took slightly less at £25.7m against £26.4m, and it is expected that

make a good contribution to up from £52.7m to £65m, and group performance in due after an extraordinary debit of £15.8m (£13.8m)—£14.4m of which was deferred tax following the Budget proposals—attributable profit came out at £49.2m against £26.4m, and it is expected that

# Lofs shares suspended ahead of rights issue

SHARES in London & Overseas Freighters, the tanker group, were suspended yesterday at 8p ahead of the rights issue which

Underwriting was said to be

The balance sheet drawn up at March 1983 showed net worth of £27.36m, down from £41.94m, secured loans of £33.2m and cash of £9.73m.

A conditions of the banks' con-

The rights issue will be accompanied by the announcement of results fo rthe year to March, which will show heavy losses, and details of a capital re-construction given that the shares have been suspended below par value of 25p each.

It is likely that a new nomial It is likely that a new nomial

It is likely that a new nomial value of 1p per share will be established and the group's bankers are expected to extend the maturity of their loans. There has been no call, apparently, for the banks to undertake any form of debt conversion into equity.

very nearly complete yesterday. Lofs disclosed a loss of £6.5m in the first half of the financial year and, despite a subsequent improvement in rates, the best that Mr Miles Kulukundis, the managing director, woul dsay in May was that the deficit in the second six months would not exceed that sum.

A conditions of the banks con-tinued support has been the injeitcon of new equity capital which, advised by Hull Samuel, Lofs expects to have under-written by today.

# very well. Sales of kitchen units were "exceptionally good" and demand for Magnet's top-grade highperformance windows in both hardwood and Douglas Fir con-

hardwood and Douglas Fir continued to increase.

Net profits came out at £25.35m (£15.77m) after tax of £6.78m (£8.56m). There was a deferred tax provision this time of £3.3m which reduced the attributable profit to £22.05m (£15.69m) after an extraordinary debit of £21.05%

debit of £81,052).

Magnet's figures have been restated to reflect changes in the basis of stock valuation in Holland so that it conforms with the UK group's valuation policy.

Regardless of the reasons prof-ferred, the fact that Magnet made a duff forecast just three months before the year-end—and for the most forecastable of reasons—will hit confidence in this glamour stock. In its deface, the company points out that these results are still a record, representing a healthy one-third increase over the previous year. It also insists that the short-notice advertising campaign and cut-price promotions -- the reasons for the shortfall—were a success, helping it to gain market share. This may be true but the effect on margins has been severe, which suggests that Magnet may be beginning to feel the heat from its competitors, especially on the doors and windows side. And tomorrow's expected rise in mortgage rates will not help, as Magnet is sensitive to consumer demand. Clearly, profits growth is going to slow a little. The low tax charge has come to the rescue at the earnings level this time but

# Rank comes up to expectations with 28% rise to £48m

Magnet & Southerns failed to achieve its targeted full-year profit level of at least £34m, but in reaching £32.13m the group has established a record at the taxable level and notched up a 32 per cent increase over the comparable £24.33m. RANK ORGANISATION's performance over the 28 weeks to May 12, 1884 met the expectations of progress and improving profitability indicated at the annual meeting in March.

comparable £24.33m.

The company is a manufacturer of prepared joinery, doors and ancillary products.

Midway through the year to end-March 1984, Mr S. Oxford, the chairman, reported that profits had climbed from £12.07m to £17.28m and indicated that the second six months would yield a similar amount.

There were two reasons for the slightly disappointing second

There were two reasons and the slightly disappointing second half, says Mr Orford. First, an additional £750,000 was spent on advertising and sales promotion which had not been decided at the time of the been decided at the time
been decided at the time
interim announcement.

The second and more significant reason was an erosion of
ant reason was an erosion of
margins following
margins with

ant reason was an erosion of group margins following Magnet's experiment with "special offer" selling.

However, Mr Oxford was consident that "We have gained valuable experience in this type of trading and, more importantly, we have created higher spring-boards for our continued growth and expansion."

Magnet &

**Southerns** 

up 32% at

record level

and expansion."

Group sales for the year amounted to just under £194m, against £161.6m, and operating profits emerged at £30.43m com-

pared with £24.09m. The taxable result was enhanced by a £1.28m rise to £2.54m in income from invest-

£2.54m in income from investments. Interest receivable totalled £167.595 (£145,023) while interest payable was down at £1.01m (£1.18m).

Following an increase in the interim dividend, the directors are recommending a lift in the final payment from 2.2p to 2.7p which raises the total payout to 4.7p (3.9p).

This dividend is covered three times by stated earnings per share of 14.1p (9.6p).

Trading levels for all of the company's manufactured pro-

company's manufactured products throughout the year were good, with sales relating to the repairs, maintenance and improvement market holding up

the earnings level this time but this wil inot be the case next year, so expected profits of around £37m could well translate into lower earnings. Taking a 35 per cent tax charge, the 110p shares, down 20p yesterday, are selling on a prospective p/e of 8.5, which seems high enough.

Group profits before tax advaced by 27.5 per cent from £7.5m to £47.8m on turnover of £249.8m compared with £268.4m.

The most notable improvement was in the trading profit of the directly managed Rank companies which rose by 66 per cent to a record £21.8m. Most of the group's business contributed to this gain, with the larger improvements coming from hotels, Top Rank clubs, Film Laboratories, Rank Taylor Hobson and the Australian and North American operations.

The group's share of Rank Xerox profit before tax increased to £35.6m compared with £34.4m. From the remaining associate interests, the share of profit before tax was £1.4m against £3.9m with the fall more than accounted for by the losses of Telecom Plus International incurred during its industrial dispute.

inchrred during its industrial dispute.

Total financing costs of £13.2m, consisting of interest charges and Australian preference share dividends, were £1.6m lower than in the same period last year reflecting a reduction in the average debt and a small decrease in interest rates. At con-

rease in interest rates. At contant exchange rates closing net lebt would have shown a £33.7m neen would nave shown a £33.7m reduction on the corresponding period and last year. Rank's chief executive Mr Michael Gifford has effectively

onths. Mr Gifford adds: "We have no current intention to sell our hotels. They improved their per-formance in the first half and the prospects in London look good. We certainly have no de-liberate policy to sell them— although that's not to say that

stock market which was abruptly halted by the close of trading yesterday. The FT-SE Index closed 10.5 points down on the day having been at low as 23 points off in the early afternoon the column then looks at There's The column then looks at Thorn's decision to go for Inmos and the market's assessment of the market's assessment of the ambiguous statements over future trading prospects. Lex then examines the progress achieved by Rank, which at last seems to be making some money from its own businesses and generally cleaning up its market image. Finally the column considers the latest results from Imperial, where the figures may look disappointing though they are backed by a bullish statement.

they don't have a price, every-thing has."

He added that he did not have such "robust views" concerning Rank's portfolio of properties, estimated to be worth around £160m, where disposals could take place.

Earnings per share moved ahead from 7.9p to 12.5p and the interim dividend has been raised by 20 per cent from up to 4.8p net. Last year's final dividend was 6p with taxable profits at £69,3m.

69,3m. Profits were subject to tax of reduction on the corresponding period end last year.

Rank's chief executive Mr Michael Gifford has effectively ruled ou tany major surgery at the group this year.

He says that while it is hard to predict the level of disposals planned for the second half, he would "not be surprised" if they were much the same as the \$48m realised in the opening six months.

Profits were subject to tax of £19m, against £20m, leaving a net balance of £28.5m (£17.5m). Minorities accounted for £3.2m (£1.3m) and preference dividends took the same at £300,000, after which the attributable profit was £23.3m (£15.9m). Ordinary dividend payments absorbed £9.7m (£8.1m).

There have been minor restatements of this year's interim results to bring them in line with

There have been minor restatements of this year's interim results to bring them in line with the basis on which the year 1983 results were reported. Apart from this, the above results have been presented on consistent accounting bases and therefore exclude Butlin's, Leisure Holi days and Rank Travel.

# **Associated News at £8.4m** so far but sounds warning

THE DIRECTORS of Associated Newspapers Heldings, reporting \$13p.

an increase in pre-tax profits from £7m to £8.36m at midway, interim dividend of 12p, after warn that competitive conditions are likely to cause earnings from trading in the second half year proportion of profits of its to be at a lower level.

The result for the six months (£2.57m), of which £1.45m to March 31 1984 represents a (£1.43m) is attributable to Daily 20 per cent increase over the

20 per cent increase over the comparable period, and follows the £16.46m (£11.47m) reported at the last year end.

The interim dividend is unitarity dividend is unitarity dividend is unitarity dividend is unitarity dividend in the interim dividend is unitarity dividend in the interim dividend is unitarity dividend in the interim dividend is unitarity dividend in the interior dividend in the in

changed at 4.5p—last year's total was 12p—and is covered by earnings per share shown as 15.3p (12p).

15.3p (12p).

The group, publisher of the Daily Mail, and Mail on Sunday as well as a string of provincial titles, reports increased sales of £173.87m against £147.62m.

Earnings from trading emerged sharply up from £4m to £6.28m, while the share of related companies' earnings droped from £1.12m to £727,000. Income from other fixed asset investments fell slightly from

comment

The market's reaction to the Associated Newspapers statement was graphic enough, sendment was graphic enough, sending the shares down 5p to 440p.
At least some analysts had
expected the figures to be this
poor, but the bearish tome on
the second half came as a surprise. The group is not known for
being chatty about its affairs, so
it is not easy to grantically about related companies' earnings droped from £1.12m to £727,000. Income from other fixed asset investments fell slightly from £1.48m to £1.4m. Net interest took £41,000 this time (added from £3.35m to £3.14m, and minorities absorbed £573,000 (contributed £5,000). As in previous years, extraordinary items will be dealt with in the full year accounts, and will include the profit arising from the sale of Reuters shares.

• Daily Mail and General Trust, the investment holding company which has a 49.95 per cent share in Associated Newspapers, has seen its net asset value rise to tive multiple is nudging into double figures. it is not easy to surmise what the

# **COMPANY NEWS IN BRIEF**

Sarasota Technology, designs and sells high precision measuring equipment, has had its offer for sale of 5.866m shares oversubscribed with applications for 14.46m shares received by Barclays Merchant Bank. Employees applied for 160,400 out of a possible 293,317 pink forms reserved initially for

forms reserved initially for employees.

Applications for between 100 and 900 shares will be allotted in full; between 1,000 and 50,000 will be allotted 48 per cent of the shares applied for or a minimum of 900 shares; and applications for over 50,000 shares will veceive 30 per cent of their application subject to a minimum of 25,000 shares and a maximum of 200,000 shares.

Dealings are expected to com-

Deakings are expected to com-mence on Wednesday, July 18,

Profits at the pre-tax level rose sharply at Bromsgrove Casting and Machining in the year to March 31 1984.

The result, at £255,000 against £140,000, was achieved on a less than proportionate increase in sales, from £4.08m to £5.18m.

The final dividend is raised from £5p to 2p per 5p ordinary share, and lifts the total by 0.5p to 2.75p. Earnings are shown at 27.6p (10.1p). There was a tax credit of £186,000 (£22,000).

Following a rise from £197,000 to £258,000 at halfway, Philip Harris (Holdings), scientific apparatus manufacturer, finished

the March 31 1984 year with 5612.024 taxable profits, compared with £486,731. Turnover moved ahead from £21.26m to £24.83m.

Pre-tax profits at Forshaws Burtonwood Brewery slipped from £2.79m to £2.03m for the

The net final dividend has been held at 6.585p which raises the total from 8.625p to 9.085p. Earnings per 25p share were shown as rising from 34p to 36.6p.

#### **DIVIDENDS ANNOUNCED** Date Corre- Total Total

		Current	of st	ending.	for	last
		payment	payment	div.	<b>year</b>	year
Į	Associated Newsin		Aug 23	4.45	_	12
•	Birmid Qualcastint	t 0.66	Sept 14	0.33	_	2.33
L	Bromsgrove Casting	. 2	_	1.5	2.75	2.25
t	Crown House	. 3. <del>9</del>	Oct 1	3.5	6.4	5.75
	Daily Mail & Gen int	. 12	_	12	_	34.5
	George Dewint	t 2.3	Sept 21	2.3	-	5.7
	Forshaws Burtonwood	. 6.59		6.59	9.09	8.63
	Greycoat City	. 0.8	Oct 1	0.65	1.4	1.15
	Hadlandint	0.84	Aug 17	0.84	-	2.52
	Philip Harris		Aug 24	4.75	7.25	6.75
•	Haslemere Estates		Oct 4	6.	8.7	7.9
,	Imperial Groupint		Nov 2	2.75		7.8
•	Jones Stroud	. 4	Oct 13	3.5	6.5	16
	A. Kershawin	4	Oct 31	4	_	. 15
t	Magnet & Southerns		Oct 1	2.2	4.7	3.9
5	Mitchell Somers		Oet 1	1.75	3.25	
1	Oceonies			0.75	0.75	
	Rank Organisation in		Nov 1	4		10
1	Rainers		Oct 3	1.63		2.3
,	Stirling Gp		Sept 20	0.75	1.8	1.25
•	Thorn EMI				17.5	
ŧ	Tribune Invint		Aug 17	₹0.5	•••	*1.88
2	Triplex Foundries		Aug 14	0.5	0.5	0.5
	Western Board Mills		Sept21	5.3	8	7.3
	Yeoman Invin		Sept 10	2.5	<u> </u>	7.7
1	* Equivalent after		-		+ 0m	
-						

increased by rights and/or acquisition issues. I USM stock. § Unquoted stock. § Includes special non-recurring 0.5p payment.

g 7		Improvement over 1983 %	1984 £000	1983 £000	1982 £000	
2 24	Turnover	(4)	177,143	184,116	148,458	
	Pre-tax profit	. 35	5,163	3,825	2,556	
	Ordinary dividend	: 11	6.4p	5.75p	5.25p	
	Earnings per share	22	13.2p	10.8p	5.1p	*
	Dividend cover		2.1	1.9	1.0	
	Pre-tax return on capital employed		24%	19%	13%	
	"The improvement in profit is attributable	to this was c	onsidered sati	sfactory. Net	cash	

# A total view of Crown House

# **Electrical & Mechanical Services**

Crown House Engineering provides a complete engineering service both at home and overseas for the construction and manufacturing industries covering electrical, mechanical, instrumentation, systems control and maintenance services. The company operates from 14 branches covering the United Kingdom and some 25% of turnover is performed

W.J. Furse manufactures lightning conductors, earthing and stage lighting equipment and is distributor for a wide range of specialist engineering equipment. Teams of steeplejacks install lightning conductors, repair industrial chimneys, churches and high rise buildings. Goods and passenger lifts are also designed, manufactured and installed, and a nationwide maintenance and refurbishment service is provided. About 30% of turnover is sold overseas.

the significant reduction of losses in Denby production and in electrical wholesaling, and to

much better results by Crown House Tableware

and W. J. Furse. A lower contribution was made

by Crown House Engineering but in view of the exceptionally good figures achieved in 1982/83

# **Tableware**

in North America.

Crown House Tableware is responsible for the tableware activities of the group. Its products include Edinburgh and Thomas Webb full lead crystal glassware, Dema. machine made glassware and Denby fine stoneware. The division operates about 100 shops-withinshops in leading stores in the United Kingdom, and rather more than 30% of turnover is exported, about half of this being

at 31st March 1984 amounted to £7.3 million

compared with net borrowings of £1.8 million a

year earlier. Trading conditions remain fiercely

competitive, but prospects for the current year

Patrick Edge-Partington, Chairman

are regarded as reasonably favourable."

To: Norman Vigor, Crown House Public Limited Company, 2 Lygon Place, London SWIW OJT.

Please send me the 1984 Crown House

Annual Report and Accounts, on

Crown House (1 You may not see us but we're there

Telephone: 01-730 9287.

publication next month.

# **Jones Stroud** moves past £3m mark

AS expected, pre-tax profits of Junes Stread (Holdings), manufacturer of fabrics, accessories and materials for the textile and electrical industries, exceeded the £3m market with a record £3.36m for the year ended March 31, 1984. This is compared with £2.73m last time.

position continued to steadily improve and profits for the second half would exceed those

of the first.

Turnover for the 12 months expanded by £6.04m to £36.6m expanded by £5.04m to £36.5m and trading profits amounted to £3.25m, compared with £2.51m. The pre-tax figure included associates share of £458.000 (£259.000), but was after interest payable of £332,000 (£334.000). The directors comment that prospects for the 1984.85 year largely depend on the economic climate in the UK which is still the group's major market. This

the group's major market. This is currently "extremely difficult" to predict, they say, but the group is now stronger in the industries it serves and profits are expected to attain a satisfacture level.

tory level.

After tax of £1.33m (£749,000), extraordinary debits £434,000 (nil) and preference payments of £109,000 (same), the attributable balance came through down from £1.88m to £1.49m. Earnings per 25p share were 20.77p (20.29p) after tax and with a final distribution of 4p the total is increased to 6.5p (6p), which will absorb £601,000 (£555,000).

# Western Board Mills

Pre-tax profit for the year to March 31 1984 improved slightly at Western Board Mills, at £199m against £196m last time. The main activities of the group are manufacture of mill and fibre boards from waste paper and fabrication of board com-

(7.39).
Turnover for the year rose to £04.21m (£3.79m). After tax of £916.979 (£852.169) and dividends of £423.120 (£386.097). profits emerged at (£719,874). Earnings per 10p ordinary share dipped to 20.3p (20.9p).

# & '\$\$ \ # 18 \

Hille nm

# Thorn EMI profits expand £35m to £157m

WITH MOST of the increase coming in the first six months, pre-tax profits of Thorn EMI, consumer electronics, music, domestic appliances and lighting group, amounted to £156.8m for the year ended March 31, 1984, compared with £122m previously. At halfway the figure had group, amounted to £156.8m for of the domestic appliances sector. in the industrial base of the compared with £122m previously. At halfway the figure had reached £55.8m, against £27.6m. External turnover expanded by £106m to £2.82bn and the divi-At halfway the figure had reached £55.8m, against £27.6m. £106m to £2.82bn and the dividend is lifted to 17.5p (15.75p) per share with a final payment of

12.5p.
The directors also announce that agreement has been reached whereby Thorn will pur-In their interim report—profits then had moved ahead from fl.32m to fl.56m—the directors said that the group's trading A geographical analysis of the flower life from the profits that the group's trading the flower life from the purpose shows the purpose shows the flower life from the purpose shows · A geographical analysis of turnover shows: UK £1.72bn

(£1.63bn); rest of Europe £498.5m (£521.8m); the Americas £329m (£304.8m); Australasia £148.5m (£137.4m); Africa £56.9m (£61.1m); Asia £65.3m (£58.7m). (£61.1m); Asia £65.3m (£58.7m).

In addition, an analysis of turnover and pre-interest profits
between the UK (including exports) and overseas shows: UK
£1.85bn (£1.75bn) and £143m
(£130.9m); overseas £975.7m
(£967.3m) and £46.6m (£33.3m).

Mr Peter Laister, chairman and chief executive, says that at the

start of the year the group had with medium or heavy engineer-begun to see an upturn in the ing, "we found little true level of UK consumer spending, recovery and our view is that particularly in the areas of con-sumer electronics and some parts there will be no sustained growth

DIVISIONAL PERFORMANCE BREAKDOWN

	— 1984 —		1983	
	Turnover Em	Profit Em	Turnover Em	Profit £m
Consumer electricals	850.4	85.3	777.7	83.4
Musie	487.6	16.3	500.8	21.0
Screen entertainment	111.4	9.2	109.9	<del>†4</del> .5
Electronics, information technology				
and engineering	703.1	33.2	661.9	28.0
Domestic appliances	612.5	32.3	589.3	26.5
Lighting	259.5	13.3	249.9	9.8
† Loss.				

ian says. Mr Laister comments that Thorn has shown steady progress in the year, and for the future the directors will continue to give priority to product design and marketing in seeking con-stant improvements. Trading profits amounted to £439.1m, compared with £395.6m,

The pre-tax figure was after lower interest charges of £32.8m (£42.2m), but included higher associates share of £11.3m, against £1.8m last time.

which were subject to deprecia-tion up from £236.2m to £260.8m.

against £4.8m last time.

After tax of £66.2m (£53.1m) earnings per 25p share were 47.8p (35.4p) basic and 45.3p (34.6p) fully diluted.

Minority interests took £2.6m (same) and preference payments £4.5m (same) and after extraordinary credits of £4m the attributable balance came through at £87.5m. This is compared with £36.2m for 1982-83 which was after debits of £25.6m.



and chief executive of Thorn

flow was contained at £22.1m despite investment in rental equipment and other fixed assets of £342m (£325.8m).

Mr Peter Laister, chairman

During the year a gross cash flow of £417.6m (£358.2m) was generated and overall cash out.

Net borrowings as at March 31 last were £314m (£291.9m) representing gearing of 49.2 per cent (48.3 per cent).

# Compsoft on to USM Development programme via tender offer

BY ALISON HOGAN

KLEINWORT, Benson is bringing Compsoft, a database software house, to the Unlisted Securities Market through the offer for sale by tender of 1.89m shares, around 25 per cent of the equity, at a minimum tender price of 120p per share, giving a 59.12m market value.

The chaincap Me. Nick Hermites and the compsoft has made great strides in the UK with its database software. Its major competitor is Ashton Tate which

The chairman, Mr Nick Horgan, started the business in 1978 after developing his first database management software product for micro-computers. Ms
Heather Kearsley, his wife,
started actively marketing the
product in 1980 through Comp-

are manufacture of mill and fibre boards from waste paper and fabrication of board components.

The directors recommend a final dividend of 6p (5.3p), giving a total for the year of 8p (7.3p).

Turnover for the year rose to Turnover rose from £750,000 to £1.33m in the year to March 1984 and pre-tax profits from £245,000 to £543,000. At the minimum tender price of 120p per share, the shares will have

a PE of 25.6 times and a yield

base software. Its major com-petitor is Ashton Tate which Compsoft says is suited to the technical user with more com-puting knowledge, than its own average customer possesses. The market is large and growing and Compsoft calculates it has perhaps 20 to 30 per cent of the broad database management software market.

Though growth is still expected in the UK the company has come to the USM at this time to help finance its expansion into Europe. The strategy of linking up with major equipment manufacturers seems sound against the cost of establishing its own European dealer network. network.

network.

It works out cost efficient too when for example IBM sends out Compsoft software with its microcomputers to all dealers in Italy at no cost to Compsoft.

The picture will look clearer and more secure when the company has a few more manufac-turers lined up. Several are reviewing Delta at present.

reviewing Delta at present.

Compsoft's main expense will
be in providing an adequate
support service to manufacturers and customers. Compsoft has only scratched the surface on Europe and has been quite checky with its 25.6 p/e quite cherky with its 23.5 p/e rating this early in the game. It's a gamble, which despite market conditions could prove popular, but not much above the minimum tender price.

# costs hit Haslemere

PRE-TAX PROFITS of Hasle-mere Estates, the property development and investment group, fell to £5.83m in the year to end March 1984, against £7.09m in the previous 12 months. Rental revenue rose from £17.33m to £19.31m and a revaluation of investment properties resulted in an increase from £237.7m to £270.75m. Net asset value per share (diluted) was 615p against 578p.

The directors are proposing a final dividend of 6.61p (6p) making 8.7p (7.9p) for the year. Mr David Plekford, chairman of Haslemere, said the decline in pre-tax profits was largely due to financing costs associated with the group's heavy current development programme. It had now completed Sherbourne House in Cannon St, London, and Bury Court House, Bevis Marks but had not completed any lettings deals in the two properties. It is understood, however, that tenants for parts of the space are now in negotia-

# Birmid advances to £4.8m at halftime

a profit was achieved.

Market share has been maintained in the group's consumer product divisions, in some cases within a reduced

Turnover Operating profit Net interest payable Pre-tax profit Tax Attributable profit Dividends Transfer to reserves

total which has resulted in

development portfolio will assure sound asset growth over the next few years, even if profits come through unevenly. Haslemere shares fell 16p to 470p on news of the disappointing figures.

In the last full year Birmid going to do little to enhance occurate spending on central going to do little to enhance occurate spending on central going to do little to enhance occurate spending on central going to do little to enhance occurate spending occurate spending on central sessions the next few years, even if profits come through unevenly. Recognising the marked improvement in the currently reported profits and as a move of 6 at 724p justifies holding on to do little to enhance occurate spending on central sessions of the year. Yet assuming £10m for the year and a provent of £175.85m. boilers later in the year. Yet assuming £10m for the year and a provent of £175.85m. boilers later in the year. Yet assuming £10m for the year and a provent of £175.85m. boilers later in the year. Yet assuming £10m for the year and a provent of £175.85m. boilers later in the year. Yet assuming £10m for the year. Yet assuming £10m for the year and a provent of £175.85m. boilers later in the year. Yet assuming £10m for the year and a provent of £175.85m. boilers later in the year. Yet assuming £10m for the year. Yet

PROFITS MORE than doubled from £2.01m to £4.79m before lax at foundry product manufacturer Birmid Qualeast in the 26 weeks to April 28 1984.

This result shows further substantial progress in the group as a whole, says Mr R. T. Macpherson, the chairman.

The largest divisional improvement has been in foundries, where in spite of severely restricted selling prices and increased raw material costs a profit was achieved.

dividends, the directors have declared a doubled interim payment was 2p.

Earnings per 25p share for the period are shown as 5.9p (2.9p).

Profits were subject in tax of £900.000 (£122.000) and minorities took £9.000 (£1,007).

Attributable profits came out at £3.88m (£3.29m including an extraordinary credit of £1.4m). The cost of dividends is £435,000 (£18,000).

comment

Although interim profits from Birmid Qualcast leaned towards Birmid Qualcast leaned towards the top end of market estimates the accompanying statement held a sting in the tail. The second half could be £1½m or so lower than the comparable period at the pre-tax line. That comes as something o fa surprise, especially as the foundries business—the group i the largest independent castings supplier to the motor trade—is back in profit after last ent castings supplier to the motor trade—is back in profit after last year's £1\frac{1}{2}m loss. However the company does face some obvious problems. Foundries burn coke and even if supplies are holding alright Birmid could well be paying a lot more. The central heating business, Potterion, is probably like its competitors. of the space are now in negotiations.

In addition, the company has another large office scheme in Cannon Street, a 110,000 sq ft offices and shops scheme at Richmond and numerous smaller development projects underway.

Despite the profits set-back, Haslemere is confident that its high-quality investment and development portfolio will be a specially as base rate rises are linearly standard to find the profit of the period amounted to find m, against fixed at £5.47m (£3.05m). The taxable result was struck after net interest payable of £687,000 the profit of the period amounted to find m, against fixed at £5.47m (£3.05m). The taxable result was struck after net interest payable of £687,000 the profit of the period amounted to find m, against fixed at £5.47m (£3.05m). The taxable result was struck after net interest payable of £687,000 the profit of the period amounted to find m, against fixed at £5.47m (£3.05m). The taxable result was struck after net interest payable of £687,000 the probably, like its competitors, experiencing a small downturn and finally the parched earth of spring and early summer must fixed to find m, against fixed at £5.47m (£3.05m). The taxable result was struck after net interest payable of £687,000 the probably, like its competitors, experiencing a small downturn and finally the parched earth of spring and early summer must fixed to find m, against fixed to find m, against

# **Triplex continues to** recover boosted by foundries turnround

name to Triplex.

A single nominal dividend of 0.5p has again been recommended. Earnings per share are shown as 9.2p (losses 12.3p).

Tax took £11,000 (£19,000) and arrivordinary costs were reduced. extraordinary costs were reduced from £4.46m to £343,000. The attributable level merged with a balance of £422,000 against a previous deficit of £5.47m. Divi-dends will abosrb £48,000 (same).

## comment

The cuts in cost of sales, distri-

CONTINUING the recovery made at the midway stage by Triplex Foundries Group, results for the year to the end of March 1984 produced pre-tax profits of 1976,000 against previous losses of 1992,000.

Torrecovery forged, might well to torm the whole grow it is, with the trading account in the produced pre-tax profits of the new management to tackle is gearing, still uncomfortably high at around 115 per 1984 produced pre-tax profits of 1976,000 against previous losses of 1992,000.

At the halfway stage profits came to £334,000 (losses £781,000).

The results reflect a £1.29m turnround to operating profits of £321,000 in the foundries division. Sales amounted to £11.2m cial year but this week's hike in interest rates will probably sion. Sales amounted to £11.2m cial year but this week's hike in interest rates will probably trigger a more urgent plan of careful divestment. The man, expects the full year will show continuing recovery.

Turnover was down from £30.56m to £28.17m. Mr Richardson says that foundries account for less than half of operating profits. The directors therefore propose to change the company's name to Triplex.

A single profits of tackle is gearing, still uncomfortably high at around 115 per cent of shareholders' funds. On the present trading course, this might well have been cut in half by the end of the current financial year but this week's hike in interest rates will probably trigger a more urgent plan of careful divestment. The section of careful divestment. The following forms and less than half of operating profits. The directors therefore propose to change the company's name to Triplex.

iciion ot careiui	givesun	епі. 1 пе
GROUP F	RESULT	S
	1983-84 £000	1982-83 £000
External sales Cost of sales	28.168 21,650	30,556 24,521
Gross profit Distribution costs	6.518	6,035 1,836
Admin. expenses	3,502	4,367
Frading profit	1.425	†168
interest payable Profit before tax	649 776	824 †992
Fax Profit after tax	11 765	‡19 †1,011
Extraord, debits	343	4.455
Attributable prof		+5,166
Dividends Retained	48 374	48 +5,514
† Loss.	t Credit	-

bution, administrative expenses gearing problem should be con-and interest charges all carry tainable, especially if further the telltale signs that Triplex is progress is made on better use of the telltale signs that Triplex is progress is made on better use of payment was 2p.

Earnings per 25p share for the period are shown as 5.9p (2.9p).

Profits were subject 'o tax of 1900.000 (£122.000) and minorities took £9.000 (£122.000) and minorities took £9.000 (£1.001).

Attributable profits came out at £3.88m (£3.29m including an extraordinary credit of £1.4m).

The cost of dividends is £435,000 (£218,000).

BANK RETURN				
,	Wednesday July 11 1984	Increase (+) or Decrease () for week		
BANKING DEPARTMENT				
Liabilities Capital	14,553,000 47,370'462 750,662,990 1,700,470,328 2,513,056,780	£ - 415,163 + 88,487,496 + 166,533,178 + 254,605,611		
Assets Government Securities	461,440,520 623,918,605 1,415,926,642 11,604,473 166,540 2,513,056,780	+ 84,195,000 - 95,654,614 + 267,331,259 - 1,247,540 + 18,594 + 254,605,611		
ISSUE D	EPARTMEN	T		
Liabilities Notes issued In circulation In Banking Department	12,050,000,000 12,038,395,527 11,604,473	£ + 50,000,000 + 51,247,540 - 1,247,540		
Assets Government Debt Other Government Securities Other Securities	11,015,100 3,257,041,144 8,781,943,756			
	12,050,000,000	+ 50,000,000		

# ISSUES OF GOVERNMENT STOCK

The Bank of England announces that Her Majesty's Treasury has created on 11th July 1984, and has issued to the Bank, an additional amount of £300 million of each of the Stocks listed

# 101/4 per cent EXCHEQUER STOCK, 1995 11½ per cent TREASURY STOCK, 2001-2004

The price paid by the Bank on issue was in each case the middle market closing price of the relevant Stock on 11th July 1984 as certified by the Government Broker. In each case, the amount issued on 11th July 1984 represents a In each case, the amount issued on 11th July 1984 represents a further tranche of the relevant Stock, ranking in all respects part passu with that Stock and subject to the terms and conditions of its prospectus, save as to the particulars therein which related solely to the initial sale of the Stock. Copies of the prospectuses for the Stocks listed above, dated 9th January 1978 and 18th May 1979 respectively, may be obtained at the Bank of England, New Issues, Watling Street, London, ECAM 9AA.
Application has been made to the Council of The Stock

Application has been made to the Council of The Stock Exchange for each further tranche of stock to be admitted to the Official List. The Stocks are repayable at par, and interest is payable half-yearly, on the dates shown below:

Stock Redemption da 10% per cent Exchequer Stock 21st July 1995 1995

Interest payment dates 21st January 21st July subject to not less than three months' notice.

The further tranche of 11½ per cent Treasury Stock, 2001-2004 will rank for a full six months' interest on 19th September 1984. Dealings in the further tranche of 10½ per cent Exchequer Stock, 1995 for settlement prior to 21st July 1984 will, in common with the existing Stock, be effected on an ex-dividend basis.

BANK OF ENGLAND LONDON 11th July 1984.

> Repayable at the Option of the Holder at Par encing October 1982

# Citicorp Overseas Finance Corporation N.V.

(incorporated with limited liability in the Netherlands Antilies)

Unconditionally Guaranteed by CITICORP 🗗

Notice is hereby given that the Rate of Interest has been fixed at 12; % per annum and that the interest payable on the relevant Interest Payment Date, October 15, 1984, against Coupon No. 18 in respect of US\$10,000 nominal of the Notes will be US\$316.60.

By: Citibank, N.A. (CSSI Dept.), Agent Bank July 13, 1984, London CITIBANCO



Group profit before tax for the six months ended 30th April, 1984 was £90.7 million (1983 £79.1 million). This represents a 15% increase over the first half of last year and was due to a combination of improved trading results and lower interest

Imperial Brewing & Leisure Ltd, Imperial Foods Ltd, and Howard Johnson Company showed increased turnover. As for Imperial Tobacco Ltd, trade buying in October, 1983, ahead of manufacturers' price increases, resulted in lower volumes in November and affects the comparison between the two half-years.

Apart from improvements in trading, operating profit of the UK divisions continued to benefit from further cost saving programmes and from the reorganisation of production and distribution facilities over the last two years. In the USA, the Howard Johnson Company, under increasing pressure on margins, again made a loss in what is for them the low season of the year.

Substantial new investment programmes are being implemented in many parts of the Group, particularly in pubs, restaurants and hotels. Development of this kind inevitably has an impact on current profitability but will make a good contribution to Group performance in due course. The reduced interest charge was largely the result of higher cash balances

during the period, due in part to the receipt during 1983 of £20 million from the disposal of the Group's poultry business in the UK. Average interest rates were also The overall rate of Corporation Tax is expected to be lower in 1984. As a

result, Group profit after tax for the first half, at £65.0 million, shows an increase of 23% over the corresponding period in 1983.

Earnings per share, before and after tax, rose by 12% and 19% respectively. Barring major unforeseen circumstances, it is currently expected that Group profit before tax for the full year ending 31st October, 1984 will show a rate of progress approaching that achieved during the first six months.

The Directors have decided to declare an interim dividend of 3.0 pence per share, as against 2.75 pence per share last year. This will absorb £22.4 million (1983 £19.9 million). Warrants will be dated 1st November, 1984 and will be posted to those shareholders who are registered in the books of the Company at the close of business on 3rd October, 1984. By order of the Board

12th July, 1984

# INTERIM REPORT 1984

£ million

Group Results (Unaudited)

	Orotp Resums (Chautantel)		
Turnover	Half-year to 1984	30th April 1983	% change
Imperial Tobacco Ltd Imperial Brewing & Leisure Ltd Imperial Foods Ltd Howard Johnson Company Other activities Intra Group Sales	1,171.5 440.2 352.9 242.1 13.3 2,220.0 (28.3)	1,203.1 419.3 301.4 220.9 12.0 2,156.7 (30.3)	
Operating Profit	2,191.7	2,126.4	+3%
Imperial Tobacco Ltd Imperial Brewing & Leisure Ltd Imperial Foods Ltd Howard Johnson Company Other activities	55.7 32.2 12.1 (2.8) 	54.3 28.1 10.4 (0.5) 0.3 92.6	+5%
Share of profits of associates Interest less investment income Profit before tax Tax and minorities	1.5 (8.1) <b>90.7</b> (25.7)	1.0 (14.5) <b>79.1</b> (26.4)	+ 15%
Profit after tax and minorities Extraordinary items Profit attributable to shareholders	65.0 (15.8) 49.2	52.7 (13.8) 38.9	+ 23%
Earnings per sharebefore taxafter tax	12.2p 8.7p	10.9p 7.3p	+ 12% + 19%

1. The comparative figure for matrion has been restated to reflect the effective tax rate applicable to the whole of 1983, a.

shown by the 1983 accounts. 2. The £15.8m charge for Extraordinary items includes £14.4m in respect of the reduction in the Group's deferred tax asset consequent upon the changes in the structure of UK corporate taxation proposed by the Chancellor of the Exchequer in his Budget Statement in March, 1984.

3. The current cost profit before taxation was £68m (1983 £56m) after allowing for a gearing adjustment of £6m (1983 £7m).

Imperial Group plc, Imperial House, 1 Grosvenor Place, London SWIX 7HB

Peter M Davies

Group Secretary

# Sun/Phoenix merger revives insurance sector speculation

MARKET ANALYSTS were yes-terday busy calculating the implications of the announce-ment late on Wednesday evening

ilfe business of Phoenix tips the scales the other way, so that Sun Alliance shareholders gain slightly. The dividend position is not likely to be affected at least for 1984.

This means that there is not much scope for Sun Alliance to increase its offer should a counter bidder appear. But the market apparently does not consider that a rival offer is very likely.

At any rate, the sale by the U.S. insurance group Continental Corporation of its 24.3 per cent holding in Phoenix for £96.5in was unconditional, something that Continental's shareholders may criticise if the bid price is lifted

Secondly, it appears that Secondly, it appears that Allianz Versicherung, West Germany's largest insurance group, is not directly interested in the UK market at present. The company itself entertains its employes on the day after its annual general meeting, which was insurance market — sugnity more than the present share of Toper each of General Accident and Royal Insurance market — sugnity more than the present share of Toper each of General Accident and Royal Insurance market — sugnity more than the present share of Toper each of General Accident and Royal Insurance market — sugnity more than the present share of Toper each of General Accident and Royal Insurance market — sugnity more than the present share of Toper each of General Accident and Royal Insurance group, and Royal Insurance market — sugnity more than the present share of Toper each of General Accident and Royal Insurance group, and Royal Insurance group, and Royal Insurance group, and Royal Insurance and Ro

yesterday, so no officials could be contacted.

Assurance.

The 650p a share cash offer by Sun Alliance for Phoenix, which values the group at £336.6m, will result in earnings diluted for Sun Alliance share holders of around 10 per cent on 1984 projected earnings.

On total assets, the valuable life business of Phoenix tips the scales the other way, so that Sun Alliance shareholders gain slightly. The dividend is not involved in any way is not involved in any way is not involved in any way in the dividend in the usual that the present time, and thus would be unlikely to intervene in the Sun Alliance for Phoenix, alliance/Phoenix bid, though it was not involved in any way in the negotiations. Mr Facility Provident it was not involved in any way in the negotiations. Mr Facility Provident in the usual principle, MAI will have a second intervene in the Sun Alliance shareholders gain slightly. The dividend in the U.S. at the present time, and thus would be unlikely to intervene in the Sun Alliance for Phoenix. Was motioned in the U.S. at the present intervent in the Sun Alliance for Phoenix bid, though it would be watching the situation closely.

Thirdly, Friends' Provident that provide in the unlikely to intervene in the Sun Alliance shareholders gain in the U.S. at the present time, and thus would be unlikely to intervene in the Sun Alliance/Phoenix bid, though it would be watching the situation of Japanese financial markets.

"We believe that Tokyo will develop into a fully-fledged interviously market and take its place alongside London and New York," said Mr Clive Hollick, MAI managing director.

Under an agreement in principle, MAI will have a second intervene in the Sun Alliance shareholders gain in the U.S. at the present intervent in the Sun Alliance shareholders gain in the U.S. at the present intervent in the Sun Alliance shareholders gain in the U.S. at the present intervent in the Sun Alliance shareholders gain in the U.S. at the present intervent in the Sun Alliance shareholders gain in the U.S. at the present intervent in the sun Alliance shareholde it was not involved in any way in the negotiations. Mr Fred Cotton, chief general manager of Friends' Provident, considered the offer fair, though the company does not have to make up its mind yet.

The market reflected these views. Sun Alliance's share price fell 17p to 343, while Phoenix's price of 628p was well below the

There was speculation in the market, however, that the bid would be referred to the Monopolies Commission, although on competitive grounds there does not seem to be an overwhelming. not seem to be an overwhelming case for investigation. The com-bined company would have around 12 per cent of the UK insurance market — slightly more than the present share of 10 per cent each of General Acci-

Federal

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Consolidated

Systemwide Bonds

13.20% \$433,000,000

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13.70% \$824,000,000

**SERIES G-1989** 

Interest on the above issue payable January 20, 1985, and semiannually thereafted

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obligations and are not guaranteed by the Government.

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Funding Corporation

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CUSIP NO. 313311 LX 8

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**Dated July 23, 1984** 

DUE JULY 20, 1989

DUE JULY 20, 1992

**Price 100%** 

# MAI to link with Japanese broker

Mills & Allen International is linking its extensive money-broking interests with those of Ueda Tanshi, a leading Japanese discount house and money

MAI managing director.

Under an agreement in principle, MAI will have a 26 per cent interest in Ueda Harlow, a newly formed Tokyo company which will acquire Ueda's foreign exchange and currency deposit broking business. Ueda will keep separate its business as a discount house.

discount house.

separate its outsidess as a discount house.

In London, a new company will be formed—Harlow Ueda Savage—to acquire Harlow Butler Savage, an MAI London-based foreign exchange broking subsidiary. Ueda will take a 5 per cent stake in the new company. The two transactions will result in a net cash investment by MAI of £3.5m to £4m.

MAI's extensive money-broking interests also include Harlow Meyer Savage, a eurodollar deposit broker, and the Guy Butler Group which has a large presence in the U.S. The Ueda group will have exclusive correspondent relationships with MAI subsidiaries worldwide.

Mr Hollick said the new link would provide the MAI network with 24-hour coverage of money markets.

# W. H. Smith takes stake in Yorkshire Television

W. H. SMITH & SON (Holding Authority to reduce its tele-ings), the newsagent and book-seller, has acquired Trident Tees and Yorkshire television ings), the newsagent and book-seller, has acquired Trident Television's residual 29.86 per cent stake in Yorkshire Television, thereby postponing Yorkshire's own advanced plans to float on the Unlisted Securities Market, probably until next

year.

Trident, which now controls an 18.7 per cent holding in Tyne-Tees Television, is to receive £8.5m for its Yorkshire stake, which Smith will pay in loan notes repayable on October 1, 1989. The coupon will be 12.5 per cent in the first three years and 10 per cent thereafter.

The vendor has been build-The vendor has been build-ing up its interests in casinos since January 1981 when ordered by the Independent Broadcast-

franchises were separated.
Yorkshire contributed £1.4m,
on an associated company basis,
to Trident's pre-tax profits of £10.3m in the year to September 1983 and the sale yields a £2.5m

post tax surplus on the £4m book value of the stake. Yorkshire's net worth at the end of last September was £5.6m which has subsequently been raised by a £3m subscrip-tion of additional capital. The television company's other principal shareholders are Bass, the brewing and leisure group, Pearson Longman, the publisher, which each have 25 per cent and the Yorkshire Post which control 10 per cent which control 10 per cent

The sale has been approved by the IBA and the board of York-

W. H. Smith said yesterday that it had been in the communi-cations business for almost 200 years and the acquisition would provide "an important presence in the modern communications world."

world."

The float was expected to value Yorkshire at some £20m compared with the capitalisation of over £28m implied by W. H. Smith's purchase price.

W. H. Smith has diversified from newspaper in wholesale and retail and book distribution into home computers, where it is now the largest retailer in the UK, business computer software, DIY, and is now breaking into cable television.

# Hadland agrees to £4.6m bid from Xenotron

By Alexander Nicoli

Hadland Holdings, camera and graphic arts equipment ground, has agreed to a £4.6m bid from Kenotron, privately-held maker of computer-based equipment for the printing industry.

Terms are 145p in cash for each Hedland share or one Xenotron redeemable share for every 20 Hadland share, which closed yesterday at the cash bid

Hadland directors, who hold 63.2 per cent of the Hemel Hempstead-based company, have chosen to accept Xenotron shares and four of them will join the Xenotron board. Holders of a further 18.5 per cent have also given irrevocable undertakings to accept, giving Xenotron 81.7 per cent of Hadland.

Xenotron, based in Diss.

to accept, giving Aenurum oall per cent of Hadland.

Xenotrou, based in Diss, Norfolk, plans to seek a listing for its shares 'at an appropriate time "and also plans soon to raise £3m of equity finance through a private placement.

Xenotrou has 200 employees and made a profit of £680,000 in 1983 on turnover of £6m.

Hadland also reported figures for the six months ending April 30, showing pre-tax profits of £68,000, up from £21,000, on turnover of £2.66m (£2.50m).

Tax took £35,000 (£11,000), leaving £33,000 (£10,000) attributable. It forecast prestax profits for hte year ending October 31 for hie year ending October 31 at not less than £475,000,



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Sathon Walden & Essex Building Social

# Asian hoteliers to submit **Rowton board nominees**

ROWTON HOTELS yesterday the Rowton board and drop their patched up its boardroom split and announced plans to invite the two Asian hoteliers who have built up sizable minority hold-ings in its equity to nominate four directors to its expanded

Ten days of talks between Rowton and Mr Nurdin Jivraj, whose Rushlake Investments holds 28.8 per cent of Rowton's equity, led to agreement just minutes before yesterday's share-holders meeting. holders meeting.

At a board meeting immediately afterwards Mr Jivraj, Mr Shiraz Malik-Noor and Mr Robert Christiensen were appointed to the Rowton board to represent Rushlake.

Mr Nazmu Virani, who now controls 17.6 per cent of Rowton, will also be invited to appoint a representative to the board replacing one of the existing directors, Mr David Hardy, Rowton chairman, said.

Mr Freddie Stirling and Mr Roland Rowe, two directors of

attempt to unseat other existing board members. Mr Stirling and Mr Rowe had continued their criticism of the other directors' alleged lack of hotel experience despite Gresham House's decision to sell its share-holding to Rushlake.

Two of the four new directors who had been proposed by Manager and the four new directors who had been proposed by Manager and the four new directors.

who had been proposed by Mr Stirling and Mr Rowe will be considered for places on the Rowton board. If they are rejected, two other directors will be "head-hunted," Mr Hardy

Under the agreement reached with Mr Jivraj, who owns four hotels and other property in London's West End, no stare-London's West End, no share-bolder who owns less than 50 per cent of the equity will be ablet to control the board, either directly or indirectly. At a bad-tempered two-hour meeting yesterday the Rowton board was criticised by share-holders for its management per-formance. All board resolutions

formance. All board resolutions were carried bowever. Roland Rowe, two directors of the Gresham House investment trust, agreed to step down from changed at 312p yesterday.

# **Booker sees 'substantial** increase' in 1984 profits

Booker McConnell, the supermarket and food distribution "In the absence of unforeseen group which hopes to thwart any renewed bid from its rival, Dee a substantial increase in pre-tax profits for 1981 over those for stantial increase in profits for 1983. It continues to be our prime objective to ensure that

Booker announced yesterday that profits from its agricultural shares in Booker, said Mr division which have increased at Michael Caine, chairman of a compound annual rate of over Booker, yesterday. Booker made a compound annual rate of over 40 per cent since 1980 will a pre-tax profit of £29.5m in the year ended December 31, 1983.

Although its U.S. health product businesses will show a loss, Boker claims that its "highly successful" health products business in the UK will continue to grow, while the food distribution division is working its way back from a low point in 1982 and will not show "proper standards of profitability" until 2p yesterday to 158p.

# Foundation taking advice on its Wm. Leech stake

The William Leech Foundation. shares to the Foundation, mainwhich speaks for a pivotal 29.7 tains the right of veto over the per cent stake in William Foundation. In the house-building company, is document, he is reported as say-

# **Public Works Loan Board rates** Effective July 11

13† 13† 13† 13† 13† 12\$ 12\$ 131 131 131 131 131 131 121 121 Over 3, up to 4..... Over 3, up to 5..... Over 4, up to 5..... Over 6, up to 6..... Over 7, up to 8.... Over 9, up to 10... Over 10, up to 15... Over 15, up to 25... Over 25

Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. † Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

# Anglo's gold price alchemy

SHAREHOLDERS in South
Africa's Angio American Corporation mining, finance and industrial glatn can thank the group's gold interests for their not much above its recent two-year to last March. And gold is still iserving them well depsite the fall in the dollar price of the metal.

Mr Gavin Relly, the Angio chairman, points out in his annual statement that the past year sise in attributable profits vious 12 months, but it looks as reflected an increase in investif the rate will rise this year.

anual statement that the past year's rise in attributable profits reflected an increase in investment income of R45.6m to R494.8m (£253.3m) which was mainly attributable to higher dividends received from the group's gold interests.

The average U.S. price of gold last year increased by 12.7 per cent to \$424 per ounce. But because of the fall in the South African rand against the dollar (or. if you prefer, the rise in the dollar against the rand) the average price in the lower value rands rose by 15.1 per cent to R474 per ounce.

This exchange rate alchemy of turning a failing dollar price. In which gold is sold, into higher revenue for the South African mines continues.

Mr Relly notes that in the first half of this year the fall in the U.S. gold price to an average of \$331 has been offset as far as the South African mines are concerned by a widening of the exchange rate difference so that the rand price received has averaged R479, slightly more than the 1983 average.

# Weaker prices lead to lower quarter for Noranda

WITH PRICES for a number of products starting to weaken considerably from March, Canada's Noranda natural resources group recorded ldwer profits in the second quarter than in the first three months of the year throughout the second quarter.

Noranda still believes that the recent weakness constitutes a temporary interruption in what has proved to be a "slow and ragged recovery" for the group's products. The various markets are expected to strengthen after

Net profits for the latest three months were C\$19.4m (£11.1m), which compares with the first-quarter level of C\$28.8m and C\$9.2m in the second quarter of 1983.

This brought profits for the first half of 1984 to C\$43.2m, compared with C\$1.9m at the same stage of last year.

Noranda said yestreday that while earnings to date repre-sented a considerable improvesented a considerable improvement over last year, the results in the most recent quarter were disappointing in relation to previous expectations and the actual level of the first quarter. The most important products to weaken in price after the close of the first quarter were copper, aluminium and lumber, and prices remained well below the

recent weakness constitutes a temporary interruption in what has proved to be a "slow and ragged recovery" for the group's products. The various markets are expected to strengthen after the traditional summer lull, Noranda added.

If this happens, Noranda said, and provided there is full production from the timber products group, which suffered a two-month labour dispute during the first quarter, results for the the first quarter, results for the second half should be better than

second hair should be better than those for the year to date.
Capital expenditure this year is running slightly above last year's level, with the development of the Golden Glant gold mine at Hemlo in north-western Ontario being the largest single Noranda, which has a 50 per

cent interest in a joint venture to develop the Golden Giant, said that now the claim dispute with Lac Minerals has been

The

 $T^{\mu_{\pi_{1}, \dots, \mu_{n}}}$ 

Parties.

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Salatin time

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**Over-the-Counter Market** | 1983-84 | Compeny | Price Change | Gross | Yield | Fully | F 205 75-2 Frank Horasti Pr.Ord.87 202ad + 69 25 Fraderick Parker ... 25 39 32 George Blair ... 35 80 46 Ind. Precision Castings 46 2185 2150 Isis Ord. ... 2175 365 134 Idis Conv. Prof. ... 328 124 61 Jackson Group ... 108 255 163 James Burrough 9bc Pf. 92 45 25 165 169 James Burrough 9bc Pf. 92 145 100 Lingusphone Ord ... 145 100 99 Lingusphone 10.5pc Pf. 99 425 275 Minihouse Holding IV 420 178 73 Robert Jenkins ... 49 49 420 178 74 49 Scruttons A ... 49 49 49 49 5 Trevian Holdings ... 49 49 49 49 5 Trevian Holdings ... 43 49 49 49 49 5 Trevian Holdings ... 20 92 85 Weiter Alexander ... 245 245 245 236 W. S. Yoetas ... 245 

> Dfls. 60,000,000.-91/2 % bearer Notes of 1980 due 1984/1987

# NATIONALE-NEDERLANDEN N.V.

FIRST ANNUAL REDEMPTION INSTALMENT

Notes belonging to Redemption Group No. 2 will be redeemed on and after **AUGUST 15, 1984** 

in accordance with drawing effected on July 5, 1984 pursuant to the Terms and Conditions.

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che Bank Aktienge in Frankfun/Mein Banqua Generale du Luxembourg & A.

July 13, 1984

housebuilding company, is document, he is reported as saytaking independent advice on
the £31.45m bid from C. H.

Beazer (Holdings).

The board of the building tunity to discuss the offer with
company is still resisting members of the Foundation
Beazer's approach but the board, however, and is not
Foundation's appointment of scheduled to meet them until
Morgan Grenfell, the merchant
bank which advised the Foundation when William Leech was
floated seven years ago, means fell expects to have given its Peter J. Carney President LADBROKE INDEX This announcement appears as a matter of record only. Based on FT Index 765-769 (-11) that time, though, Morgan Gren-fell expects to have given its Tel: 01-493 5261 from when william Leech was that time, though, Morgan Grenfloated seven years ago, means
that a key block of votes remains undecided after a full
meeting on Wednesday this
week.
Mr William Leech, the founder
of the company who donated the Midsummer flights bid BY ALEXANDER NICOLL MR ADAM PAGE, chairman and also says the owners of joint owner of Swithland land have experience Leisure, yesterday sought to "trendy extreme," running convince shareholders of Midsummer lines that his company is a worthy buyer of its real ale shareholders, Mr Page say pubs. also says the owners of Swith-land have experience at the "trendy extreme," running discoour Balance sheet for 1983 In a letter to Midsummer shareholders, Mr Page says: "We intend to preserve Midsummer's Swithland is bidding 215p in cash for each Midsummer share, long standing specialisation in real ales and we are far better valuing the USM company at qualified to run traditional pubs f1.88m. Midsummer, an offshoot than the present Midsummer of the Campaign for Real Ale board."

Mr Page says Midsummer lacks direction and has provided a reflect its forecast earnings. It "derisory" yield to shareholders. comparative figures December 31, 1982

Reserves and capital DM

36.3 million

DM 1,026,1 million Balance sheet total DM 1,055.4 million Lending volume DM 1,043.2 million DM 1,105.9 million **Business volume** DM 1,142.8 million DM 1,166.4 million

66.4 million

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# **UK COMPANY NEWS**

# Crown House rises 35% to £5.2m

This turnround offset a f166,000 fall to £3.49m in electrical and mechanical services and losses of £131,000, against profits of £312,000, in property and finance. Employment services contributed more at £278,000 (£140,000).

The improvement in the table.

The improvement in the table-ware division followed the rationalisation at Denby in 1982 and subsequent retraining.

In engineering services, the excellent figures from UK contracting in 1982-83 were not maintained, though in the committee of maintained, though in the competitive conditions prevailing
the result is considered satisfactory by the directors.
Good figures were again
recorded in the Arabian Gulf,
and some progress was seen in
South Africa. The run-down of
contracting operations in

contracting operations in Western Australia, as announced March 1984. Full provision for closure costs is included in Crown's extraordinary items, of £33,000 (£246,000). The taxable result was struck
A marked improvement in after lower interest payable of
profits was achieved by W. J. £113,000 (£761,000). Tax took

A RETURN to profits in tableware operations enabled Crown
House to achieve an overall
35 per cent advance in full-year
taxable profits from £3.83m to
£5.16m.

This turnround offset a
f166,000 fall to £3.49m in
electrical and mechanical serelectrical and mechanical serelect

-Pre-tax profit-

(£m) (£m)

3.7 9.3† 6.3 0.1

3.5 1.5

DIVISIONAL PERFORMANCE BREAKDOWN

Electrical and mechanical ... Tableware Property and fluance ...... Employment services

Group sales for the year fell by 4 per cent from £184.12m to £177.14m.

Shareholders are set to receive a higher total payout of 6.4p, against 5.75p, with the directors recommending an increase on the final dividend to 3.9p (3.5p).

Stated earnings per share man fident of the immediate future and the longer term. Overall, the board regards the group's prospects for the current year as reasonably favourable.

1983-84 1982-83

(£m) (£m)

131.7 141.1

Stated earnings per share rose to 13.2p (10.8p) and cover the dividend 2.1 (1.9) times.

importantly. Crown is beginning to cash in on the Denby nameto cash in on the Denby name—
applying it to imported china
and glass—shifting the emphasis
from manufacturing to merchanting which already accounts for
about 60 per cent of this division's sales. The group will need
increased contributions from
tableware since the main electrical and merchanted services busi-

cal and mechanical services business, which installs heating and the like in buildings, has a difficult time ahead with orders scarce home and abroad, margins 1983-84 1982-83 already down to 2½ per cent and the prospect of a further squeeze in UK construction prompted by increased interest rates. The group must be glad of the £7m cash it has in hand, largely the cash it has in hand, largely the proceeds of the disposal in September of the Best and May electrical wholesaler, which was bought only in 1980. Crown is keen to expand by increasing tableware sales in the U.S. and developing an instrument-making enactive in the building-related. Crown House met unexpected difficulties in remoulding Denby Tableware, bought for what it admits was probably too high a manufacture has recovered following rationalisation and the inprice in 1981. But stoneware developing an instrument-making capacity in the building-related business, but for the moment it business, but for the moment in the current was proposed at 107p, down 3p on a prospective p/e of over seven on a 35 per cent tax charge.

# Ratners back in the black as margins strengthen

A RETURN to pre-tax profits of review margins were improved fil.07m against-losses of £350,000 by placing greater emphasis on was achieved by Ratners merchandise which showed a (Jewellers) in the year to April better return and by eliminating the profits of the 6 1983, following a noticeable improvement in margins. Turn-over increased from £25.94m to

£27.61m.

Trading continues at a satis-Trading continues at a satisfactory level during the current period, says Mr L. M. Ratner, the chairman. However he emphasises, once again, that the major part of sales and profits are achieved in the second half.

At the halfway stage losses were cut from £1.1m to £373.000 and the directors expected a realistic profit to be achieved for the year, with a greater contribution arising in the second half.

During the period under at E843,000 (loss £325,000)

less profitable elements from

stock.

During the year four branches were opened in shopping centres at Brent Cross, Ealing Broadway, Inverness and Wakefield.

The net final dividend has been held at 1.63p which maintains the total at 2.3p. Earnings per 10p share are shown as 2.56p against losses of 1.46p.

Tax took £307,000 (£83.000) and there were extraordinary credits of £83,000 (£108,000) including property profits this

# Consumer spending rise boosts Stirling result

AN UPTURN in consumer spending helped raise Striling Group's pretax profits for the year to March 31, 1984 by 20 per cent from £1.25m to £1.5m, and current trading "remains firm," the directors say directors say.

Marks and Spencer, this garnent manufacturer's chief customer, contributed to the result by increasing its purchases by over 10 per cent, responding to Stirling's fashion design and production strategy.

The board is proposing a final dividend of 1.1p (0.75p), giving a total for the year at 1.80p, against 1.25p last time. This is in line with the directors intention of reducing high dividend cover. They also propose a 3-for-2 scrip.

Sales for the year improved by £1.6m to £17.23m. Total tax, including deferred tax of £302,000 (£336,000), took £642,000

£302,000 (£336,000), took £842,000 (£824,000), and the group profit after tax and dividends emerged at £754,000 (£556,000).

Earnings per 20p share after current and deferred tax were given as 14.68p against 11.18p last time.

The directors attribute the improvement in margins to improvement in margins to increased efficiency and raw material price stability.

A new factory has been opened and handling systems improved. Cutting has been centralised and computer cutting introduced. The directors point out that the year's results have been achieved without an increase in borrowing

# **APPOINTMENTS**

# **British Aerospace finance post**

Mr Blehard Smith Wright has been appointed financial director of the aircraft group of BRITISH AEROSPACE. He succeeds Mr Mr Smith Wright, who has retired. Mr Smith Wright, who will be based at group headquarters at Kingston, was formerly divisional financial director of the group's civil division at Hatfield.

Mr M. Ohyana has been promoted to deputy general manager of the Sentry Group, has restructived its management team: Mr Val Olson, previously president of Creative Management Alterball, with overall responsibility for the bank's interna-

branch, with overall responsibility for the bank's international banking activities. Mr A. of the bank's international banking activities international banking activities. Mr A. of the bank's international bank's internationa

This advertisement is an amendment of the version published on 11th July 1984. ment complies with the requirements of the Council of The Stock Exchange



# The Tokyo Electric Power Company, Incorporated

(Tokyo Deuryoku Kabushiki Kaisha)

U.S. \$100,000,000 13% per cent. Notes 1989 Issue price 100%

The following have agreed to subscribe or procure subscribers for the Notes:

County Bank Limited

Algemene Bank Nederland N.V.

**Banque Paribas** 

Girozentrale und Bank der österreichischen Sparkassen Nomura International Limited IBJ International Limited

Manufacturers Hanover Limited

Merrill Lynch International & Co.

Westdeutsche Landesbank Girozentrale

Mitsui Finance International Limited

Morgan Guaranty Ltd.

Morgan Stanley International

Orion Royal Bank Limited

S. G. Warburg & Co. Ltd.

Yamaichi International (Europe) Limited

The Notes, in denominations of US\$5,000, have been admitted to the Official List by the Council of The Stock Exchange subject only to the issue of a temporary Global Note. Interest on the Notes is payable annually in arrears on 31st July, commencing 31st July 1985.

Particulars of The Tokyo Electric Power Company, Incorporated and the Notes are available in the Extel Statistical Service system and may be obtained during usual business hours up to and including 1st August, 1984 from: -

County Bank Limited 11 Old Broad Street, London EC2N 1BB.

Strauss Turnbull & Co. 3 Moorgate Place, London EC2R 6HR.

13 July 1984

treased sales administration and business growth responsibilities. Mr Eric Winnington (produc-tion) and Mr Chris Stiling (creative group) have also been

appointed directors.

THE LONDON INVESTMENT
TRUST (LiT) has appointed Mr
David J. Sebire and Mr Richard
W. Rose as non-executive directors. Mr Rose is also director of Shatkin Trading Co, LIT's wholly owned commodity clearing and broking subsidiary in Chicago.

MENTS. He was finance director

Eustance as group pensions manager when Mr Eustance takes up the appointment of group treasurer in the autumn.

ELECTROCOMPONENTS has appointed Mr John Robinson group managing director from August 1. Until recently, Mr Robinson was with the LCP Group, having joined them in 1978. His time with LCP included three years as group finance. three years as group finance director. In 1982, he moved to the U.S. to take over as president of Whitlock, a subsidiary of LCP engaged in the retailing of automotive components.

man/chief operating officer.

NOMURA INTERNATIONAL has appointed Dr Andreas R. Prindl as managing director of Nomura International and Nomura Europe N.V. (Amster-dam). Dr Prindl was a vice president at Morgan Guaranty Trust Company of New York.
Nomura International is a
wholly-owned subidiary of the
Nomura Securities Company.

sales director.

AIRPURI'S director of opera-tions on July 12. Mr Gooding has been employed by the Airport Authority as head of ramp and terminal services since Septem-ber 1981. Mr Brewin is joining British Caledonian as general manager sales, UK.

\*
SENETEK has appointed two directors. Dr Alan Kline, chairman of Kicor, joins as a non-executive director, and Dr John Bennett, vice president of Syntex, joins as managing direc-tor/chief executive. Dr Daniel Grafstein has become vice chair-

appointed sales director of the TEDDINGTON refrigeration and appliances controls companies. He joins from the McKeconie

Mr Michael Price, managing director, is appointed chairman, while Mr Patrick Leventon becomes managing director, from sales director. Mr Guy Jackson is appointed a director, with increased sales administration and hydroges growth responsibilities.

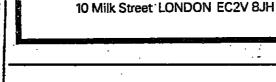
Mr Richard Gooding will succeed Mr Dan Brewin as MAN-CHESTER INTERNATIONAL AIRPORTS director of opera-

Mr R. J. Kirkman has been appointed finance director of WINGATE PROPERTY INVEST-

Mr Geoffrey A. Stuart has been appointed group pensions manager designate of McCORQUO-DALE. He succeeds Mr Eric N. C.

Two directors have joined the board of the MERSEY DOCKS AND HARBOUR CO:
Mr John Beswick joins the board as a Government appointed "A" director, filling the vacancy left when Sir John Page retired. In October 1980. Mr Beswick was appointed director general of the British Ports Association, a position which he heid until September 1983. Mr Terrence Edwards is the senior partner in the firm of Bullmore Chartered Accountants as well as being managing director of Edwards Securities. He is appointed as a "B" director.

Mr Colin McNamee has been Engineering Group, where he was



The Siam Commercial Bank, Ltd.

London Branch

U.S.\$20,000,000 Negotiable Floating Rate Certificates of Deposit due 1985. In accordance with the provisions of the above Certificates, notice is hereby given that for the 6 months from 11th July, 1984 to 11th January, 1985 (184 days), the Certificates will carry an interest rate of 134% per

Co-op Bank

announces a change

in base rate from

10.00% to 12.00% p.a.

On and after Friday 13th July 1984.

Deposit rates will become:

1 month deposits 9.50% p.a.

**High Interest Investment Accounts** 

will range from: 10.00% to 11.25% p.a. depending on amount and term

(minimum £500 and o months).

Co-op Bank Cheque & Save: Current notional interest rate will be 9.00%

Current bonus notional interest rate will be 1.50% (on amounts beyond £1,000)

National Girobank announces

Its base rate was increased

payable on deposit accounts

that with effect from

12th July 1984

from 10% to 12%

**Deposit Accounts** 

The rate of interest

is 9% per annum.

**Base Rate** 

8.75% p.a.

NATIONAL

.7 day deposits

The interest payable on the next interest payment date, 11th January, 1985 in respect of each U.S.SSOO,0000 Certificate, will be U.S.SSO,701.39.

Lioyus Linternational



BANQUE DE L'INDOCHINE ET DE SUEZ US\$40,000,000 Floating Rate Notes 1979-1989

For the six months 13th July, 1984 to 14th January, 1985 the Notes will carry an interest rate of 131/6% per annum and Coupon Amount of US\$67.77. Listed on the Luxembourg Stock Exchange By: Bankers Trust Company, London Reference Agent

# iberpistas

Iberica de autopistas, s.a. concessionaria del estado U.S.\$18,000,000 Serial Floating Rate Mortgage Notes Due 1986

For the six month period 13th July, 1984 to 14th January, 1985 the Notes will bear an interest rate of 1311/1600 and a coupon amount of U.S.\$527.54 payable on 14th January, 1985.

Bankers Trust Company, London Principal Paving Agent

# RENTALS

every WEDNESDAY

SATURDAY To advertise phone:

01-248 5284 DIANE STEWARD

Notice to noteholders of THE COPENHAGEN COUNTY AUTHORITY US\$25,000,000 91:5 Dollar Notes 1990

As Fiscal Agent for the above Issue, notice is hereby given that on 25cd July, 1984. US\$1,750,000 of the Notes will be drawn for redemption at their principal amount and payable on 1st September 1984. Serial numbers of the Notes so selected will be published subsements.

Bankers Trust Company, Fiscal Agent 13th July, 1984

# BASE LENDING RATES

A.B.N. Bank Allied Irish Bank .... 12 %
Amno Bank .... 12 %
Henry Ansbacher ... 12 %
Armco Trust Limited 12 %
Associates Cap. Corp. 10 %
Banco de Bilbao ... 12 %
Bank Hapoalim BM ... 12 %
BCCI ... 12 %
Bank of Ireland ... 12 % BCCI 12 %
Bank of Ireland 12 %
Bank of Cyprus 12 % Bank of Cyprus 12 %
Bank of India 10 %
Bank of Scotland 12 %
Banque Belge Ltd. 12 %
Barciays Bank 12 %
Beneficial Trust Ltd. 13 %
Bremar Holdings Ltd. 10 %
Brit. Bank of Mid. East 12 %
Brown Shipley 12 %

Charterhouse Japhet... 12 %

Hill Samuel 512 %
C. Hoare & Co. 12 %
C. Hoare & Co. 12 %
Hongkong & Shanghai 12 %
Kingsnorth Trust Ltd. 10 %
Knowsley & Co. Ltd. 12 %
Lloyds Bank 12 %
Mallinhall Limited 12 %
Mallinhall Limited 12 %
Mallinhall Sank 12 %
Midland Bank 12 %
Midland Bank 12 %
Morgan Grenfell 12 %
National Bk. of Kuwait 12 %
National Bk. of Kuwait 12 %
National Westminster 12 %
Norwich Gen. Tst. 12 % 12 % Hill Samuel ... Norwich Gen. Tst. ... 12
People's Tst. & Sv. Ltd 10
R. Raphnel & Sons ... 12
P. S. Refson & Co. ... 12
Pershalo Company People's Tst. & Sv. Ltd. 10 %
R. Raphael & Sons ... 12 %
P. S. Refson & Co. ... 12 %
Roxburghe Guarantee 12 %
Royal Trust Co. Canada 10 %
I J Henry Schroder Wags 12 %
Standard Chartered ... || 12 %
Trade Dev. Bank ... 12 %
TCUS ... 12 %
Toustee Savings Bank 13 % Trustee Savings Bank 12 %
United Bank of Kuwait 12 %
United Mizrahi Bank... 12 %
Volkskas Limited ..... 12 %
Westpor Banking Corp. 12 %
Whiteaway Laidlaw .... 12; %
Williams & Glyn's .... 12 %
Wintrust Secs. Ltd .... 12 %
Yorkshire Bank ...... 12 %

Charterhouse Japhet... 12 %
Charterhouse Japhet... 12 %
Choulartons ... 121 %
Citibank NA ... 12 %
Citibank NA ... 12 %
Citibank Savings ... 19 %
Citydesdale Bank ... 12 %
Co. E. Coates & Co. Ltd. 124 %
Comm. Bk. N. East ... 12 %
Consolidated Credits... 12 %
Conoperative Bank ... 12 %
The Cyprus Popular Bk. 10 %
Dunbar & Co. Ltd. 12 %
Duncan Lawrie ... 12 %
E. T. Trust ... 12 %
Exeter Trust Ltd... 10 %
First Nat Fin. Corp... 11 %
First Nat Fin. Corp... 11 %
Robert Flemingelo ... 12 %
Robert Fraser ... 12 %
Robert Fraser ... 12 %
Grindlays Bank ... 12 %
Grindlays Bank ... 12 %
Hambros Bank ... 12 %
Hambros Bank ... 12 %
Hambros Bank ... 12 %
Heritable & Gen. Trust 12 %
Morigage basa vate.



# **State Bank of India**

State Bank of India announces that its base rate is increased from 10% to 12% per annum with effect from

The rate of interest payable on 7 day ordinary deposits is increased from

July 12th 1984

 $6\frac{1}{2}\%$  to  $8\frac{3}{4}\%$  per annum Main Office in the U.K. State Bank House, I Milk Street, London EC2



# BfG Finance Company B.V.

U.S. \$100,000,000 Floating Rate Notes 1989 Extendible at the Moteholder's Option to 1994

Notice is hereby given pursuant to the Terms and Conditions of the Notes that for the six months from 13th July 1984 to 14th January 1985 the Notes will carry an interest rate of 132% per annum. On 14th January 1985 interest of U.S. \$67.45 will be due per U.S. \$1,000 Note for Coupon No. 12.

> Agent Bank: European Banking Company Limited

13th July, 1984

purchases in the market.

33, King William Street,

London EC4R 9AS.

# **REPUBLIC OF AUSTRIA**

U.S.\$50,000,000 83/4% Bonds 1990 S. G. WARBURG & CO. LTD., announce that the eighth redemption instalment of Bonds due 15th August, 1984 for a nominal value of U.S.\$1,000,000 has been met by

U.S.\$34,000,000 nominal amount of Bonds will remain outstanding after 15th August, 1984.

The following Bonds drawn for redemption on the dates stated below have not as yet been presented for

> 15th August, 1977 26255 : 32900 15th August, 1978 1710

15th August, 1981 1692 : 3391 : 37646

13th July, 1984



# BANQUE SUDAMERIS

U.S.\$30,000,000 Floating Rate Notes due 1987

For the six month period 13th July, 1984 to 14th January, 1985 The Notes will bear an interest rate of 13% per annum. Interest payable on 14th January, 1985.

Bankers Trust Company, London

#### A German in Brazil

# Lure of the good life

Andrew Whitley contributes the fourth in an occasional series

AT THE age of 40 Hanns-Rainer Sommer has reached a cross-roads all too familiar to many other expatriate high-fliers. Should he stay abroad in the

After a decade abroad, seven of those years in Brazil and three in Iran—during the heyday of the Shah—he finds it hard to imagine being back to grey, drizzly Frankfurt am Main.

Personal considerations inevitdecision over where he should go next professionally. His Danish wife. Birgit, 38, was brought up in Brazil and still has relatives in Sao Paulo, 50 minutes' go next professionally. His Dange of his international competitors in Sao Paulo. 50 minutes flying time or a six-hour drive away. The weekends they and their two daughters, 12 and 9, spend riding at their relatives ranch in the rolling green hills of Sao Paulo State would be hard to leave behind.

So too would the six-berth Such as his own.

hard to leave behind.

So too would the six-berth boat they share with a German colleague. The boat is moored an hour's drive out of Rio de Janeiro on the spectacularly beautiful Angra Dos Reis bay.

The fact that Birgit was already familiar with the country, spoke Portuguese—a very necessary skill for survival here—and, as Rainer says, was used to the Brazilian mentality, made settling in originally an easy process. Rainer Sommer emphasises the importance of the family's adjustment to a new country when weighing up the pros and cons of a job move.

Sommer, an elegant, charming man, is managing director of Lurgi do Brasil, a wholly-owned subsidiary of the West German engineering group Lurgi which, in turn, is part of Metalgesell-

Professionally speaking, the past few years have undoubtedly been frustrating for him. When he arrived in Brazil in 1977, the Rio de Janeiro office was a booming profit centre for the group, with a staff of 35. Con-

Since then, through no fault of his own, there has been a fairly steady slide downhill. The industry is going through a poinful shrinking process world-wide, and in Brazil business has Should he stay abroad in the exuberant, easy-going country where he is happily settled, or should he accept the promotion that is his due and go back to head office in West Germany?

After a decade abroad, seven of those years in Brazil and of those years in Brazil and occommy is back on its feet

> For a man like Sommer, with for a man like sommer, with his two doctorates in Mechanical Engineering and Economics, Lurgi's recent record in South America must be galling. It is small comfort to know that none of his international competitors

such as his own.
Lurgi specialises in sophisticated process engineering equipment, often custom-made, shipped from West Germany rather than bought-in locally. Thus, one of Rainer Sommer's chief concerns is naturally the protection of his company's patents against the predatory attention of local rivals.

Doing battle with Cacex, the foreign trade authority, and the Instituto Nacional de Propriadade Industrial (INPI), two of the host of government regulatory bodies in bureaucration Brazil, over patents and the licensing of imports has been gruelling.

Coping with the roller-coaster of government policy switches in recent years has demanded a steady nerve and an ability to keep head office calm. "In Brazil a long-term provision is one year," he says, adding, "how do I know if tomorrow there won't be a maxi-devaluation, or restrictions on dividends—or even whether foreign managers



where 60 per cent of the country's industry is located and other German companies are thick on the ground.

Rio's dilettante image is hard to live with sometimes are the change from a pound note for a five mile taxi ride takes any Briton or West German back 20 years in terms of prices.

Unusually for to live with sometimes, especially when dealing with head office visitors. When his colleagues from Frankfurt come down and hear Sommer's com-Not that he believes the move will bring about an immediate increase in business. The moti-



vation is more the sense of professional isolation he feels in "playboy" Rio de Janeiro. In addition, as he admits, most of his friends are in Sao Paulo. plaints about the problems he faces, they smile and shake their heads, as if to say: "But at least you have Rio." And, in a sense, they are right.
At a personal level, getting

used to skyscraping rates of inflation (last year it jumped from an annual rate of 100 per cent to 210 per cent over the 12 months) takes some doing. will be banned?"

But for anyone earning in hard
One option Rainer Sommer is
considering is to suggest moving
the Brazil office to Sao Paulo,

But for anyone earning in hard
Frankfurt may be right in
strictly legal terms on any given
issue. But Sommers has to cope
appeared on January 11, March
the Brazil office to Sao Paulo,
of beef at 90p a pound and with the situation on the 7 and April 6.

The answer is by sending the
countering in hards
force.

The answer is by sending the
toughies on courses, not in anyhardest nosed will last long. It
things are aged 30 to 45.

Unusually for Rio, the Sommers live in a house rather than a high-rise flat near the beach, the preferred way of life for most foreigners and better-off Brazilians. The preference is part natural inclination and partly motivated by reasons of security, because of the ever-present risk of armed robbery.

The Sommers' large, comfortable house in Jardim Botanico, a discreetly superior neighbour-hood set back against the vertiginous hills surrounding the city, is a tranquil oasis away from the noise and bustle else

Murere.

Lurgi is a good employer for Sommer in many ways. Annual holidays of 33 working days make his American counterparts ill with envy and give the Sommers plenty of time to do what they like most, travel and take photographs. Paid trips home, at once every two yearsexplicitly for briefings with senior management—are, on the other hand, not nearly as generous as those provided by U.S. or British companies—although typical for German industry.

Like many another expatriate

manager, Rainer Sommer complains, albeit mildly, about the lack of comprehension head office sometimes shows for the

ground, in a country where flexibility is perhaps one's most important asset.

As a foreign employer he is conscious of the need to pro-vide better working terms than a local company would and of the pains of sacking employees. Last year he was forced to dis-miss 10 people, half his staff, and the "social reality" of Brazil hit home.

"It was awful. I knew they wouldn't be able to find work for at least six months," he

Brazil has spun its spell on many an expatrlate manager, often people in the prime of their careers, as opposed to those nearing the end of their days and dreading the prospect social sciences and are now in of going back home to staid retirement. Like the British in India, many foreigners them all out." simply choose to stay on in Brazil when the time to move finally comes.

For those used to the wideopen spaces, the big challenges and broad brush issues—often,

Acclimatisation leads to staff to act with him effectively, often ends up with national identification. But will there be work for the staff to act with him effectively, said a third typical answer.

How, therefore office sometimes shows for the will there be work for somefrequent conflict of interest between headquarters and the foreign branches, especially at times of economic difficulties.

Example of the manufaction But there is with there be work for somewill there be work for somemodern masterminds of British
big business propose to ensure
the next decade? And, if so,
will be be able to keep himself orders are obeyed in full,
instead of sidetracked or downright sabotaged by the workforce.

Training for 'supermanagers'

# Same thing, new jargon

SO MANY British managers communications," but in "interwere avid for communications personal skills." The training them is a managerial life discourses that the researchers provided boils down to exactly surveying demand for training the same sort of thing, of decided to probe deeper. They course, bu the 1980s title representation of the same sort of the same sort of the same shorter than has been vouchsafed to their predecesting the same sort of the same shorter than has been sort of the same sort of the same shorter than has been shorter than has be sample precisely what was use of jargon. expected from the communica-tions courses which towered over all other forms of management training in the popularity league.

It turned out that the managers believed the courses would teach them how to give orders in such a way that subordinate staff would obey them enthusiastically in every detail. In short, they expected the training to equip them with

a managerial magic spell.

That bizarre survey finding dates from the early 1970s, but a new study by London Business School and the Egon Zehnder International head-Zehnder International head-hunting concern suggests that Britain's top executives still in-dulge in the same wishful thinking. The study was made late last year and covered senior line managers and per-sonnel chiefs in 50 of the country's biggest companies.

On the one hand, the people questioned were largely agreed that their organisations need maangers who will lead force-fully from the front. "We want hard-nosed, tough people." was one typical response. Another was: "Success is with the tough-minded in the 1980s. Yet we have an abundance of people

who were brought up in the 1960s and 1970s with a belief in the sanctity of human beings. They are the products of the On the other hand, the chiefs

surveyed were equally agreed on the increasing importance of ensuring that the hard-nosed leaders are followed wholeheartedly by their subordi-nates. "As technology becomes literally, of life and death—in nates. "As technology becomes a country such as this, it is hard, as Sommer says, to accept the narrow-mindedness and routine and administrative tasks parochial attitudes found in is substantially reduced so he western Europe.

Even if the added gobble-dygook at last sets the magic working, the companies' management problems won't necessarily be solved. They will evidently be hard pressed to find enough tough raw material suitable for sending on the miraculous courses.

For the study suggests that, with the exception of the chiefs who took part in the survey and a handful of others, the executive offices of many of the companies are crammed with dummies. "Of the top 30

NOW PLEASE STOP TALKING AND LISTEN I'M GOING TOTALL YOU HOW TO HAVE YOUR CROSES OBEYED IN EVERY DETRIL ... AND LISTEN I'M GOING TOTELL YOU HOW TO HAVE YOUR ORDERS OBEYED IN EVERY DETAIL...

people, 10 are high-calibre business people . leaders and achievers in every sense," was a further typical response. "We have an excess of mediocre, poor general managers," com-plained someone else. Another sighed: "The surpluses should have been weeded out long

That last wish might perhaps be fulfilled by fixing the courses so as to work their miracles retroactively. It surely should not take much extra to enable them to vanish unwanted managers on a backdated basis.

Vanishing the "surplus of second rate people" would still leave the problem of how to materialise a sufficiency of first raters in their stead. These apparently cannot be conjured up by magical management schools. The chiefs questioned mean to do the job themselves despite what they acknowledge to be with the control to the chiefs are the chiefs are the control to the chiefs are the control to the chiefs are the chief. to be cut-throat competition to recruit the requisite talented toughies—who by the nature of things are aged 30 to 45.

was to let young people succeed. The margin for error is so much smaller. The pressures on them are enormous," said one of the chiefs. The report by London Business School and Egon Zehnder on the study's findings goes farther:

"With the oversupply of labour (if not of super talent) the managerial assessment process may become as vicious as the common entrance examina-tion, the 11-plus, or Oxbridge entrance. Individuals will have one chance and one only, Assessment for the 'fast track' is primarily about rejection rather than retention."

Those who stay on the fast track, flashing from marketing track, hashing from marketing to the communication and on-ward as their super-absorbent minds soak up the experience that will make them the very models of the modern general manager, will still present their employers with certain prob-

One is how to keep the star performers from zooming off somewhere else. Stupendous material rewards appear to be the main hope. The only trouble is that, as Professor Lester Thurow observed in "The Zero Sum Society." the more people are paid, the greater material wants become, making them expect more pay still. Even if they get it, news that someone else is doing better is liable to set their feet ter is liable to set their feet itching just the same.

itching just the same.

Promotion prospects will be quite irrelevant to the problem of retaining the new breed. To them, promotion will not be a reward as it was to their predecessors. It will be a necessity. It they are not to be fired early on, they will have to rise to the top of the organisational tree by their mid-30s. They might well then refuse to be dislodged from there even by prods from the hard noses of the late-20s generation trying to climb up.

'I do not think we or anyone else have really addressed these problems," commented another of the chiefs taking part. Am I alone in saying: "Hear,

\* Management Resources — Present Problems and Future Trends.

Michael Dixon

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# **TECHNOLOGY**

SOFTWARE AUTHORS WORLD-WIDE SEEM TO THINK ALIKE

# Are these trends or just trendy?

BY ALAN CANE AND LOUISE KEHOE

TALK TO any one of the top software houses these days and functions featured in 1-2-3, you've talked to them all.

Launched in the UK in That's an exaggeration, of course, but the innocent abroad

ware offering. What is remarkable is that These are, of course, the

software packages in which the programs to carry out several different tasks are integrated together on a single computer storage disk.

First in the market place in

1982 with this kind of software was Lotus Development Corporation with its 1-2-3 package which incorporated a spread-sheet, a files manager and graphic displays.

Helped by a massive promo-tional campaign, it was an in-stant success and at £375 in the UK is still a big seller. A recent issue of the U.S. software monthly Software News, shows 1-2-3 at number four in its best seller list; no other integrated package is in

All of that is set to change, however. In the UK, a small software house called Psion (see this page, July 3 this year)

The phone rings, you are has launched an integrated package called "Xchange" a report, performing a management of the property of the p package called "Xchange" a report, performing a spread-which combines word process sheet program or entering ing, a spreadsheet, a filing material into a filing system, system and a graphics module The caller is inevitably talking

all for about £495.

In the U.S. Ashton-Tate, which has already made a fortune from its Dbase II filing the computer user must go the work the computer user must go the compu management programme is bethrough the process of storing
ginning to ship "Framework,"
an integrated package combining word processing, a spreadsheet, a filing system and
then reversing the whole pro-

Also in the U.S., Innovative In practice, many people

Launched in the UK in the past couple of weeks, an ebullient Lotus is already claimequitient Lotus is already claiming supremacy for each in-ing orders for Symphony worth to suffer from a kind of tech-nological deja vu as a succes-sion of aggressive, bustling soft-dent is quietly confident about

nological deja vu as a succession of aggressive, bustling software houses highlight the features which distinguish the featu form of aggressive, busting some some houses highlight the the way his new some ware houses which distinguish perform against the new aggressive opposition: "It is aggressive too many things at easy to take too many things at What is remarkable is that these features, developed by shipped our product. We said youngames as geographically spread as Massachusetts, Kansas and London, are frequently identical.

These are, of course, the What is interesting about the

megatrends, of which the most significant by far is the move towards integrated software, nents of the integration. 12-3 candid at the integration. was basically a superspread-

of Scotts Valley, California.

"Sidekick" solves a problem

that is only too familiar to many

business users of personal com-

puters. People typically do several things at once, com-

about something else.

cess.

applications programs seem to get lost. be solutions looking for problems. The opposite is however true of a product launched recently by Boland International

Company executives for the new integrated packages are claiming supremacy for each in-

Microsoft spreadsheet that was top of the software pops in the U.S. in May). The file manager, is he says, a relational database, a sophisticated way of filing information so that it can be recalled in many different ways according to the needs of Innovative Software is quite

candid about the way it set about creating a superlative set sheet with graphics and file of packages for Smart; they

Another example of Side-kick's use might be the need to make a calculation, or find a phone number in the middle of

Sidekick includes "the most

keystroke calls up the Sidekick program and allows the user to

choose a calculator, calendar or

Sidekick is priced in the U.S.

\$49.95 and sold 5,000 copies

some other job.

A program for the

much interrupted

cessing and windowing to the management added to make life listed all the best features they had seen in existing dedicated packages: "We had a 19 page list of minimum requirements for the data base package" recalls Michael Brown, Innovative President.
Innovative Software sells its

complete Smart package for £635 but the database manager and spreadsheet with graphics separately for £350 each. The processor costs £280 separately. In contrast, Symphony and

Framework are only available in integrated form. Mitch Kapor is unfussed: "Symphony as it stands makes the best use of the IBM PC."

Two factors are important here. Understanding the mar-ket and using fully all the functionality of the IBM Personal Computer. For the next generation of hardware, it is likely that I would not build an all-inone nackage. But if you're in the forest you build a log cabin —not the Taj Mahal."

Other trends include:

TOO MANY personal computer computerised notepad that won't applications programs seem to get lost.

Another example of Side
A tendency to write in the "C" computer language, used in the writing of Unix and Unix-like operating systems (see this page July 9 this year) which makes it simpler to move software from one make of microcomputer to another.

As Dr Potter of Psion says: "We can develop software for

commonly used business tools machines which do not yet on line and accessible in tan-exist." dem with other software pro-grams already in use," explains Philippe Kahn, President of calls this project processing, Boland International. A single Lotus calls it Command Simplified Language. Xionics, a UK-based software house calls it Keystroke Procedural Language

notepad, a telephone directory (KPL).
or automatic dialler for the The theory is the same. The telephone. computer can be so programmed
One more keystroke and the to carry out a particular task, user can return to his original usually a repetitive one, with program which will have been only a single keystroke or two. suspended at the exact point Interrupt handling. All where he left off. mechanisms which enable them to be switched from one task to another without losing the in the first week since its re-lease last month. "Not even Lotus 1—2—3 dld that," boasts Mr Kahn. He predicts that Side. International's Sidekick,

Also in the U.S., Innovative Software has launched an integrated package called "Smart" and scribble something to rewhich incorporates word processing, a spreadsheet, file management and, yes, graphics.

In practice, many people the year.

Currently, Sidekick is avail
What will be the next mega
mind them to do it later. We able for use on IBM Personal trend? Mitch Rapor is beginning

Computers and IBM-Compatible machines. Boland is also developing a version of the pro
conceptual area "a spreadsheet for ideas, where changing one conceptual area" to change the prodescribed below, carry out the kick will be the best seller of will be more: Lotus itself has situation. Entered into the come back for more success with a new integrated system called "Symphony" which adds communications, word program, Sidekick provides a version of the profession of the p concept would result in changes rippling through a whole matrix In Britain, Sidekick is dis- way off "he says thoughtfully-

# 'The Bunch' faces a 'bleak' future

BY GEOFFREY CHARLISH

the mainframe computer mar- lem. Large, powerful machine ket, New York stockbrokers imply considerable numbers of Paine Webber describe the outlook for "The Bunch" processing means that the short (Burroughs, Sperry, Univac, time it takes digital pulses to NCR, Control Data and Honeywell) as "bleak."

several problems areas. Primodule (TCM), IBM has overmarily, there has been an come the difficulties of come the difficul erosion of demand for general purpose mainframes with the emergence of smaller machines of growing power applied to specific tasks. Examples are Wang (word processing), Apple (personal computers) and Cray (high powered scientific pro-

According to Fram, only general business tasks like bill-ing, database management and network management are "truly well suited to mainframes," but that market segment "has be-come saturated."

He claims that nearly half the applications currently being run on mainframes could be performed on special purpose machines. The present market base is more to do with cus-tomer inertia and conversion costs than the attributes of the

The second problem for the Bunch centres on their difficul-ties in coming up with new machines for the remaining suitable mainframe applications. By the late 1970s the mainframe market had been staked out, and the companies turned to "ploughing" their existing installed base with upgraded machines.

of Japanese companies like Fujitsu and Hitachi. Paine concludes that IBM, unlike The Bunch, was forced to push tech-nology (and spend more money in doing so) in order to com-In Fram's view, the basic

IBM is becoming formidable in terms of semiconductor re-search and application and at the same time the market base from which The Bunch can finof stored thoughts. "It's a long ance similar research has been getting smaller.
Inter-chip signal delay times

IN A hard hitting analysis of are at the heart of the prob over an inch or two of wire has

> ing the chips and removing the concentrated heat that arises. "The problem" says Fram, "is that it is estimated IBM spent several billion dollars over several years in developing TCM, an expenditure that none of The Bunch could afford." One outcome is that both Sperry and Control Data pro-

cured licensing agreements with Trilogy, which has been working on technology aimed at putting the whole computer on one big wafer-chip, reducing interconnect times to the absolute minimum. Fram thinks this rallying round Trilogy, while natural, is "to some degree desperate." There are other ways of im-

proving performance, such as non-synchronous internal operation of the processor, or the use of multiple, loosely coupled processors. But that means a change of basic architecture for The Bunch companies, implying conversion for their customers. The door is then opened to other vendors, who, if they have to change, might as well consider all the

The New York analyst is also Meanwhile, however, IBM had doubtful about both networking been faced with competition and software futures for The from the plug-compatible manufacturers and was becoming be able to keep up with IBM aware of the growing technology of Japanese companies like (systems network architecture), IBM's prime communications protocol. At the same time, the vast amount of software written for IBM systems (internaily and by software houses) acts against sales of Bunch hard-

technology gap between The Bunch and IBM plus its plug-compatible competitors "has widened to the insurmountable."

Paine Webber, in the same document, weighs up the proscompatible competitors "has pects for the companies. It rates NCR, with strong roots in Paine Webber, in the same point of sale, least likely to suffer from mainframe challenges. Burroughs is seen as "the most exposed," with top management "unaware of the deficiences of the mainframe as the workhorse of the computer **Analysis** 

# Atom trap for chemists PYE UNICHEM has recently

introduced a new device for flame-atomisation atomic absorption spectrophotometers it calls a slotted-tube atom trap (STAT).

The use of this new device makes possible determinations that were hitherto impossible Pye claims, pointing out that using the STAT, lead can be detected at concentrations az low as 0.0035 parts per million (ppm) compared with 0.005 ppm using conventional

Cadmium can be detected in concentrations as low as 0.0005 ppm (0.001 ppm conventionally) and zine at concentrations of only 0.0004 ppm (0.0008).

The device uses a slotted silica tube which increases the amount of time the atoms spend in the spectrophotometer light beam and so improves sensitivity and detection limits. More on 6223 358866.

Software

# Investment aid for **planners**

INTERNATIONAL

computer Software Inc (IMSI), a U.S. West Coast software publisher has launched a software package aimed at serious investors and financial planners.

Among the claimed features are: weighs investment risk and return using modern portfolio theory, handles all kinds of securities with single

Micro-

or multiple portfolios, stores up to 1,000 positions per portfolio and accesses several financial databases for autoupdates on security prices. The software is available for the IBM IC and its closes, DEC Rainbow, Wang PC. NCR Decisionmate with 128K of memory and two disk

Versions are also available for machines that run under CP/M 80 with 48K of RAM. The program, which costs \$275 in the U.S., was designed by The Walton Group in

UK distributors of IMSI's products are P and P Micro Distributors, Ferrari Software and Software Limited.



Instruments

# Linking plotter to oscilloscope

PHILIPS CAN offer a link between its PM8154B intelli-gent X-Y plotter and the PM3305C digital storage oscilloscope.
Both instruments are IEEE

bus-compatible and can be connected together without any form of controller or intermediate equipment—software is employed instead. A simple connecting cable is all that is needed and is supplied as part of the pack-

age.

The plotter uses A4 paper on which can be created graphs, bar-charts, pie-charts and similar material in six colours. Alternatively, hard can be made in three copy can be made in three colours of the memory contents of the 3305C 'scope at 400 mm per second.

The combination is available in the UK for £3,943, a saving of £400 over the separate purchase of the two instruments. More from Pye Unicam, Cambridge, on 0223

# Single

Cambridge has launched a computer circuit board combining a multi user computer with high resolution colour

the product is offered with Unix System V. The company is aiming at manufacturers of Unix-based computers in the UK and U.S.A. According to the com-

**Electronics** 

board Unix computer TADPOLE TECHNOLOGY of

graphics.

Based on the Motorola 68000/10 16-32 hit processor, pany, its new board at about £2,000 will offer exceptional price performance compared with existing products.

More on 6223 861112.

This document includes particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information with regard to Compsoft Holdings plc (the "Company") and its subsidiary. Compsoft Limited. The Directors of the Company (the "Directors") have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or of opinion. All the Directors accept responsibility

Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the ordinary shares of the Company in the Unlisted Securities Market. It is emphasised that no application has been made for these securities to be admitted to listing.



of 1,891,145 ordinary shares of 5p each at a minimum tender price of 120p per share, the price tendered being payable in full

on application

# **Share Capital**

AUTHORISED: £500,000 in 10,000,000

£380,000 in 7,600,000

ordinary shares of 5p each ISSUED AND TO BE ISSUED FULLY PAID:

ordinary shares of 5p each The ordinary shares now offered for sale will rank in full for all dividends hereafter declared, paid or made on the ordinary share capital of the Company.

# Cash Balances and Indebtedness

At 29th June 1984, the Company and Compsoft Limited (collectively "Compsoft" or the "Group") had balances at banks totalling £209,807. At that date the Group had no overdrafts outstanding but had outstanding a secured mortgage loan of £335,990, finance lease commitments of £517,760 and hire purchase commitments of £80,272. Apart therefrom and save for intra-group indebtedness, neither the Company nor its subsidiary had at that date any loan capital (including term loans) outstanding or created but unissued or any mortgages or charges or any other borrowings or indebtedness in the nature of borrowing, liabilities under acceptances (other than normal trade bills) or

acceptance credits, hire purchase commitments or guarantees or other material contingent liabilities.

# Highlights

The following information is derived from the full text of this document and accordingly should. be read in conjunction with that text.

# Business

The principal business of Compsoft is the design, development, production and distribution of its database management software. Compsoft is a leading independent British software house in the database management software market for business micro-computers. Its products are marketed in the UK and since very recently in many of the countries of Continental Europe in local language versions.

Turnover and profit before tax for the five financial periods ended 31st March

	1980 £'000	1981 £'000	1932 £'000	1983 £'000	1954 £'000
Turnover	9	43	253	750	1,329
Prout before tax	4	3	90	245	543

# Share capital

7,600,000 ordinary shares of 5p each issued and to be issued fully paid

Offer for Sale statistics at the minimum tender price of 120p per share		
Market capitalisation	£9.12 million	
Earnings per share for the year ended 31st March 1984*	4.68p	
Price earnings multiple	25.6 times	
Gross dividend yield based on a dividend per share of 1.5p**	1.79 times	
Dividend cover based on earnings and dividends per share of 4.68p and 1.5p respectively	3.1 times	
Net tangible assets at 31st March 1984 adjusted for the net proceeds of the Offer for Sale	£946,000	
Net tangible assets per ordinary share	12.5p	

\*If the shares in the Company had been quoted on the Unlisted Securities Market throughout the financial year ended 31st March 1984, the Directors would have recommended dividends in respect of that year totalling 1.5p per ordinary share (equivalent to 2.14p gross with the related tax credit).

# **Directors and Advisers**

Patrick Nicholas Horgan Heather Lynn Kearsley

Professor David Victor Canter all of Compsoft Holdings plc, Hallams Court, Shamley Green, Nr. Guildford, Surrey GU4 8QZ

Secretary and Registered Office James Miller, CA

Hallams Court, Shamley Green, Nr. Guildford, Surrey GU48QZ

Kleinwort, Benson Limited

20 Fenchurch Street, London EC3P 3DB

Auditors and Reporting Accountants
Deloite Haskins & Sells, Chartered Accountants
128 Queen Victoria Street, London EC4P 4JX

Solicitors to the Company

10 Oxford Terrace, Guildford, Surrey GU1 3SS

Solicitors to the Offer for Sale

Herbert Smith & Co. Watling House, 35-37 Cannon Street, London EC4M 5SD Stockbrokers

Laurence, Prust & Co.

Basildon House, 7-11 Moorgate, London EC2R 6AH

188 Fleet Street, London EC4A 2HT

Registrars and Transfer Office National Westminster Bank PLC, Registrar's Department P.O. Box 82, 37 Broad Street, Bristol BS99 7NH

National Westminster Bank PLC, New Issues Department P.O. Box 79, 2 Princes Street, London EC2P 2BD

# Description of the Group

# INTRODUCTION

The increasing use of micro-computers in business applications continues to create a growth in demand for software designed to facilitate the management of data in a logical, efficient and flexible manner.

The principal business of Compsoft is the design, development, production and distribution of its database management software. Compsoft is a leading independent British software house in the database management software market for business micro-computers. Its products are marketed in the UK and since very recently in many of the countries of Continental Europe in local language

Compsoft's products are distinguished in the business micro-computer software market by their user friendliness which caters for the needs of non-technical

Compsoft's recent products have been designed for the new generation of 16-bit business micro-computers such as the IBM PC, the DEC Rainbow, the HP 150 and the ACT Apricot range. As part of the Group's drive into Europe, these products have been or are being translated into most of the major European languages. Compsoft is entering into European marketing and distribution arrangements with major computer manufacturers to augment the UK distribution of its products. Distribution arrangements have already been agreed with IBM, DEC, Hewlett Packard and Xerox.

# HISTORY

A new generation of small computers was introduced to the UK market in 1978. At that time Nick Horgan, Compsoft's Chairman, was a successful computer consultant with an international clientele, specialising in business-orientated software for large mainframe computers. His particular expertise was in the application of software systems for the management of data on mainframe machines. He soon recognised the opportunity to apply this specialist knowledge to micro-computers as their use spread among business users.

He formed Compsoft Limited in September 1978 and by the end of 1979, while continuing with his consultancy business, he had created his first database management software product for micro-computers, now known as DMS. In March 1980 Heather Kearsley, Nick Horgan's wife, began the active marketing of DMS through Compsoft Limited. As a result of her marketing effort, sales and profits increased substantially. By July 1981 Nick Horgan was devoting all his time to the business and its continuing product development programme. In March 1962, to cater for its rapid growth, Compsoft Limited moved into Hallams Court, a country house in Surrey. This remains the Group headquarters and

In January 1983, Compsoft launched DELTA, its principal current product.

# COMPSOFT'S PRODUCTS

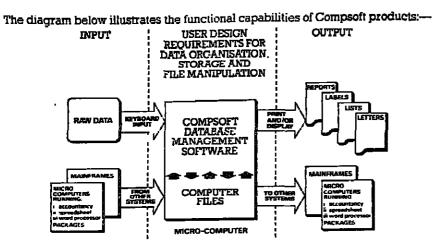
# DATABASE MANAGEMENT SOFTWARE PRODUCTS

Database management software products, in which Compsoft currently specialises, are able to receive, in formats selected by the user, large quantities of information consisting of numbers, text or dates. The programs can then store and rapidly retrieve, process and display or print the results. Database management software products also provide facilities for sort, search, calculation and the printing of lists, labels, reports and letters.

Compsoft software guides business users with no previous programming expertise in creating logically structured databases. These databases can then be used to manage business data in a manner most appropriate to users' needs. In the absence of products of this sort, business micro-computer users wishing to create and manage computerised databases would have two types of software from which to choose: 'programmers' software which would require knowledge of a computer programming language and an aptitude for designing database structures; or "dedicated" software which is specific to a particular application.

COTPSOFT COMPSOFT COMPSOFT COMPSOFT

# COMPSOFTCOMPSOFTCOMPSOFTCOM HOLDINGS plc



Compsoft's products enable people to exploit the potential of their micro-computers in managing a wide range of tasks such as the production of letters and addressing of envelopes and the organisation of price lists, personnel records, inventories, car fleets, investment portfolios and livestock.

Compsoit's database management software is now well known in the UK market. The quality of its products has been recognised by a variety of awards from the industry, notably in 1983 the RITA (Recognition for Information Technology Achievement) award for Software Product of the Year' sponsored by the National Computing Centre. Its products are also distributed by the Central Computer and Telecommunications Agency for use in UK government departments.

Compsoft has introduced new database management software products and foreign language versions of existing products to meet the increasingly sophisticated demands of micro-computer users in the UK and Continental Europe. The table below summarises the history of the most significant product

Launch Date

DMS was the principal source of Compsoft's early Spring 1980 growth it has now been superseded by other Compsoft

DMS Diamond is a DMS-type product specifically written for the Commodore PET. January 1982

DELTA I is designed for the new generation of 16-bit January 1983 machines and simplifies the handling of historical and repeating information which includes, for example,

illness histories maintained by general practitioners. It has considerably extended reporting and calculation DELTA I in its first foreign language version (French). DMS+ is an enhanced version of DMS for users who do

not require the more sophisticated data management systems software such as DELTA I. May 1984 DELTA II is an improved and extended version of DELTA I with enhanced data entry facilities and data

display and reporting capabilities.

DELTA I is already available in:-

French Danish German Norwegian Swedish Italian Finnish Spanish

Portuguese DELTA II is now available in Dutch. It is intended that other European language versions of this program will be launched in due course.

End-users of sophisticated software products derive considerable benefit if the software house follows a path of constant enhancement and removal of errors. Compsoft provides this as a matter of course.

# DESIGN PRINCIPLES

October 1983

April 1984

The overriding aim of Compsoft's development programme is to ensure the marketability of its products. Compsoft has achieved this by incorporating the following key design features:— Ease of use

Its products are suitable for users who are not programmers. Compsoft aims to ensure an easy interactive style of communication between the machine and its user, using a question and answer routine.

Versatility

The potential applications of Compsoft's software are as wide ranging as possible so as to appeal to the broadest spectrum of business micro-computer users. This enhances the value for money of its products as the economies of large-scale production are passed on to the customer.

Compatibility

Integration

Its products are compatible with a wide range of business micro-computers from leading manufacturers, which often make available to Compsoft pre-launch examples of their new hardware.

The DMS and DELTA families run with CP/M, MP/M, MS/DOS and PC/DOS operating systems and are compatible with many of the leading 8-bit and 16-bit

micro-computers, including:-ACT Apricot Apple lie (with CP/M) IBM XT Commodore PET (DMS only) ICL PC1 Ohvetn M24 Compaq DEC Rainbow Sirius Wang PC Epson QX10 Hewlett Packard 150 Xerox 16/8

DELTA II has been designed to run only on 16-bit machines (such as the IBM PC) using MS/DOS or PC/DOS operating systems which now form the vast majority of business micro-computer sales.

DELTA is designed for ease of translation into foreign Ease of translation languages. The basic structure of DELTA incorporates. the ability to translate all messages without recourse to programming to handle non-English keyboards and printers and to collate local language character sets.

DELTA and DMS+ are designed to integrate as widely as possible with other popular software packages, such

Word processing	Spreadsheets	Accountancy
Peachtext Wordstar	Multiplan Visicale Lotus 1-2-3	Pulsar Pegasus

Information is increasingly transferred between micro-computers and large mainframe machines. DELTA can prepare a file in a format suitable for this purpose. Compsoft places great value on the feedback which it receives from end-users

in establishing the direction of its development and enhancement programme.

# INTELLECTUAL PROPERTY RIGHTS

Each software package sold incorporates a unique licence number which makes it possible to trace the source of unauthorised copies and to take action to protect Compsoft's interests.

The Directors are aware that software "piracy" in parts of the industry, notably computer games, has received considerable publicity. Compsoft is monitoring the latest 'anti-piracy' technology and will upgrade the protection afforded to its own software should this be considered appropriate in the future.

# FUTURE PRODUCT DEVELOPMENTS

Nick Horgan and his team of six software engineers are well advanced in a continuing series of enhancements and improvements of DELTA II, including a multi-user version and a graphic output facility.

Further projects are underway in such areas as demonstration, teaching and examination packages, "expert systems" and fully integrated packages for micro-computers comprising word processing, database management, spreadsheet, graphics and communications.

#### MARKETING AND SALES

#### MARKETING STRATEGY

Compsoft is building on its already substantial position in the UK market for database management software by aggressive expansion into Continental European markets. The Directors believe that these markets have for the most part been poorly served by indigenous companies producing technologically immature products. Entry to these markets has usually been hindered by the technical complexity and cost of translating English-language software. Ease of translation is a fundamental design feature of DELTA.

Marketing is crucial to Compsoft's present and future development. In order to stimulate and expand its UK market, Compsoft uses a wide range of marketing techniques such as road shows, exhibitions, advertisements and reviews in the principal micro-computer magazines, mailshots to dealers and end-users, promotional material distributed to dealers and publicity resulting from the receipt of computer industry and other awards.

#### UK DEALER NETWORK

To date, Compsoft has sold mainly through a network of nearly 900 dealers in the UK. The loyalty of Compsoft's dealers is actively sought as a source of future sales. It is recognised that loyalty to the Compsoft name, as well as familiarity with the design characteristics of its products, will stand Compsoft in good stead when it introduces new products to the market in the future. The principal elements of the support given to dealers include free training courses in the use of Compsoft's products, telephone "hotline" support and the provision of

# DISTRIBUTION AND MARKETING ARRANGEMENTS WITH HARDWARE MANUFACTURERS

Compsoft has adopted a strategy of developing close relationships with a number of major manufacturers of business micro-computers. The purpose is to reach the widest possible market, particularly in Continental Europe, whilst at the same time limiting the Group's financial exposure. As a result of the impact which its sales and product developments have had on the UK market, Compsoft has acquired sufficient recognition to warrant these major manufacturers entering into arrangements to distribute and market Compsoft's products through their

A number of these arrangements have recently been concluded and others are expected to be concluded shortly. The current status of these arrangements can be summarised as follows:-

Manufacturer **IBM** DELTA is an IBM distributed product in the UK, Belgium,

France and Italy. DEC has signed a world-wide enabling contract for the distribution of DELTA, which will be a Digital Classified DEC Product throughout Europe.

**Hewlett Packard** Hewlett Packard has signed a world-wide enabling contract for the distribution of DELTA. Distribution of products in French, Italian and Spanish has already begun. Xerox is distributing DELTA in the UK, France, Portugal Xerox

IBM and Xerox, and other manufacturers such as ACT, Olivetti and Wang, have a number of European language versions of DELTA under review.

Compsoft supports the hardware manufacturers in the training of dealers in the use of Compsoft's products by providing translations of training materials in local languages and supervising training courses locally.

The prices available under these new arrangements are lower than those currently achieved through sales direct to dealers. However, the hardware manufacturers will provide much of the dealer and end-user marketing. distribution and support. The Directors therefore believe that the additional sales networks now available to the Group, particularly in Continental Europe, will contribute significantly both to its volume of sales and to its net profits.

Compsoft actively encourages a continuing relationship with its end-users through the services provided by its Users Club and training courses. The Users Club has some 800 members who receive telephone "hotline" support and applications advice, regular updates of technical information and discounts on the training courses run by Compsoft.

Amongst current members of the Users Club are:-

Akroyd & Smithers Medical Oncology Unit, Westminster Hospital Allied Breweries Avis Rent A Car Milk Marketing Board British Airways Mylor Yacht Harbour Oxford University Appointments Brecon Beacons National Park Diners Club International Committee Foreign & Commonwealth Office Plessey Semiconductors **HQ RAF Support Command** Prudential Assurance Reading University Library Kent Fire Brigade Securicor Lewisham Social Services Sussex Police Marconi Defence Systems Time Life International

The principal sources of income are the sale of database management software products, fees for training courses and annual subscriptions from members of the Users Club. Other income includes revenue from sales of demonstration packages, upgrades and licences. Turnover and the number of packages sold in the past two financial years were as follows:-

Test enged 319( WRICH	1903			1964		
	Number of		venue	Number of	_	venue
	packages	£:000		packages	£'000	
Sales of packages						
DMS range	2,380	590	(78%)	1,250	230	(1796)
DELTA I	200	60	(8%)	3,070	792	(60%)
Training and Users Club		50	(7%)	_	152	(11%)
Other income		50	(7%)		155	(12%)
		750	(100%)		1,329	(100%)
					_	

# COMPETITION

Compsoft's major competitor is Ashton Tate's dBase II. This program appears to be best suited to the technical user with knowledge of higher level programming languages and an aptitude for designing database structures.

Compsoft's products, in contrast, are specifically designed for business users with no programming expertise.

#### DIRECTORS, MANAGEMENT AND STAFF DIRECTORS

Nick Horgan (aged 38) is Executive Chairman and Managing Director. His involvement in the electronics and computer industry dates back to 1962. He began a successful career as a freelance software consultant in 1971, advising a variety of international companies in their use of large mainframe computers. He founded Compsoft Limited in 1978. Since July 1981 he has devoted all his time to the business and he plays a leading role in the creation and development of new products and the strategic development of the Group. Heather Kearsley (aged 32) is Executive Marketing Director and is married to

Nick Horgan. She graduated with a BA Honours degree in psychology from Newcastle University in 1973. After teaching in secondary schools, she was appointed lecturer in social psychology at Guildford Technical College. Since June 1980, she has been a full-time working director and has been the driving force behind the Group's aggressive marketing and promotional activities. In 1983 she was runner-up in the "Options/Philips", "Women Mean Business" awards. Jim Miller (aged 43) is Executive Finance Director and Secretary. He qualified as a chartered accountant in 1963 and has acquired extensive experience both in industry and in the profession, latterly as a senior manager in the London office of Deloitte Haskins & Sells. He became a self-employed financial consultant in 1982, specialising in the installation and establishment of computerised accounting systems. He joined Compsoft in March 1984 and became a Director

Professor David Canter (aged 40) is a non-executive Director. He is Professor of Applied Psychology at the University of Surrey. For the last ten years, he has advised government departments and commercial organisations on the design of computer systems as well as on documentation and training.

# MANAGEMENT AND STAFF

Compsoft is organised on the following departmental lines:— Research and Development has a team of six software engineers led by Andy

Rigby (aged 27), Programming Manager. He joined Compsoft Limited in January

1981 after gaining two years' programming experience with micro-computers elsewhere. The staff in this department carry out original research into the application of advanced programming and systems design techniques, as applied to the creation of micro-computer software for business applications. The department is under the overall direction of Nick Horgan.

Production and Technical Support comprises a staff of eight under Eric Lovett (aged 25), Technical Manager, who joined Compsoft Limited in January 1982. He had previously gained experience in computer consultancy, as a micro-computer dealer and in programming. The department is responsible for the production of discs and manuals in around 100 different combinations of disc format, language and product, for the provision of technical support services to end-users and dealers and for the running of four different types of training course.

Sales and Marketing is the responsibility of Wendy Berry (aged 28), Sales and Markening Manager. She joined the Group in June 1982 and has diplomas in language studies and French commerce. She manages a UK team of five marketing and dealer support staff and a European sales department comprising five staff who are responsible for the foreign language translations and for the co-ordination of overseas sales and marketing. The department is under the overall direction of Heather Kearsley.

Finance and Administration is under the supervision of Jim Miller and comprises five staff. The department is responsible for processing orders, debt collection, maintaining computerised customer records and general financial and management accounting.

All but the most recently recruited employees hold shares in the Company. The Directors recognise that the development of the Group is dependent upon its employees and are committed to the close involvement of employees in its future prosperity. It is intended within the next twelve months to introduce an Inland Revenue approved share incentive scheme for all employees. In addition, 50,000 shares have been reserved in the Offer for Sale for preferential applications at the striking price by members of staff.

#### PREMISES AND NET TANGIBLE ASSETS

Compsoft operates from Hallams Court, a converted country house near Guildford in Surrey providing some 6,000 square feet of office space, of which it owns the freehold. Due to expansion, it is probable that additional accommodation will soon be required, and Compsoft is currently seeking larger premises in the

The consolidated net tangible assets of the Company and its subsidiary, based on the audited consolidated balance sheet at 31st March 1984, and after taking into account the estimated net proceeds of the subscription for new shares at the minimum tender price, are £946,000. On the basis of the 7,600,000 shares in issue following the Offer for Sale, the net tangible assets are equivalent to 12.5p per ordinary share.

#### PROFITS AND DIVIDENDS

The table below shows the growth in turnover and profit of the Group from incorporation to 31st March 1984, based on information in the Accountants' Report.

Financial period ended 31st March	1980 £'000	1981 £'000	1982 £'000	1983 £'000	1984 £'000
Turnover Profit before tax	9	43	253 90	750 245	1,329 .543
Profit after tax	2	2	54	112	327
Earnings per share*	q£0.0	0.02p	0.76p	1.60p	4.68p
"Calculated on the basis of prof	iit after taxa	tion and of 7.	000.000 sbare	s. being the	1.000 shares

of £1 each in issue at 31st March 1984, adjusted for the capitalisation issues and reorganisation of capital since that date.

Early growth was generated by the DMS range of programs, and in the year ended 31st March 1984 DELTA I became the principal source of revenue and profit. Research and development expenditure, including the development costs associated with the European translations of DELTA I (involving a team of five translators as well as programming staff), is written off as incurred.

The Directors are most satisfied with current trading levels but consider that it is too early in the financial year to publish a profit forecast.

If the shares in the Company had been quoted on the Unlisted Securities Market throughout the financial year ended 31st March 1984, the Directors would have recommended dividends in respect of that year totalling 1.5p per ordinary share (equivalent to 2.14p gross with the related tax-credit).

#### REASONS FOR THE ISSUE AND WORKING CAPITAL

The 1,891,145 shares being offered for sale include 1,300,000 shares being sold by the existing shareholders of the Company.

The sale of the balance of 591,145 shares will, at the minimum tender price and after deducting the expenses of the Offer for Sale, raise £449,000 of new capital for the Company. The Directors consider that it is appropriate to raise such capital at this stage of the Group's development. The Directors believe that Compsoft has great opportunities in Continental Europe. The new resources provided by the Offer for Sale will enable the Group to exploit these opportunities with a major marketing and training effort in support of the hardware manufacturers with which the Group has arrangements for the distribution of Compsoft products. The Directors also recognise that the Company will have the ability to make acquisitions of other businesses through the issue of marketable securities. However, no specific acquisitions are at present under consideration. The Directors are of the opinion that the Group has adequate working capital for its present requirements after taking into account the net proceeds of the Offer for Sale and the Group's existing bank balances.

# **PROSPECTS**

The Directors believe that Compsoft enjoys a market position in the UK from which it can achieve further significant growth through the introduction of enhanced database management software products.

Compsoft is an early entrant into Continental European markets. Translations of DELTA I into most of the main European languages have now been completed and distribution arrangements have recently been agreed with a number of the major hardware manufacturers. The Directors are confident of the major growth potential of Continental European markets. These are at an earlier stage of development than that of the UK but are expected to grow in much the same way. The Directors believe that Compsoft's range of proven software products will find ready market acceptance.

Compsoft's research and development department is working on further projects in such areas as demonstration, teaching and examination packages, 'expert systems' and fully integrated packages. It is the intention that all future products will be available in local language versions as Compsoft consolidates its position in European markets. In support of the establishment of a Europe-wide business, Compsoft has built up a strong team of local nationals with responsibility both for translation and the co-ordination of sales and marketing.

The combination of these factors and Compsoft's financial and management resources offers scope for continued profitable growth.

# **Accountants' Report** The following is a copy of a report to the Directors of Compsoft Holdings plc and to the Directors

of Kleinwort, Benson Limited from Delotte Haskins & Sells, auditors and reporting accountants. Deloine Haskins & Sells.

P.O. Box 207, 128 Queen Victoria Street, London EC4P 4JX 11th July 1984

Shamley Green, Nr. Guildford. Surrey GU4 8QZ

Compsoft Holdings plc,

The Directors.

Hallams Court,

and The Directors, Kleinwort, Benson Limited, 20 Fenchurch Street, London EC3P 3DB

# INTRODUCTION

Gentlemen,

We have examined the audited accounts of Compsoft Holdings plc (the "Company") and its wholly-owned subsidiary Compsoft Limited for the periods relevant to this report. No audited accounts of the Company or its subsidiary have been prepared in respect of any period subsequent to 31st March 1984. The Company and its subsidiary are hereafter collectively referred to as the "Group".

Compsoft Limited was incorporated on 27th September 1978, and Compsoft Holdings plc was incorporated on 21st January 1982 so as to form a separate holding company for the Group. The accounts included herein reflect the results of Compsoft Limited to 31st March 1982 and thereafter the results of Compsoft Holdings plc and its subsidiary as a consolidated group

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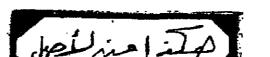
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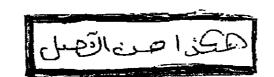
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3. For accounting periods from incorporation to 31st March 1963, Ascough & Co. reported as auditors on the accounts of Compsoft Limited. Otherwise, Deloitte Haskins & Sells have reported as auditors on the accounts of the Group companies.

The information set out in paragraphs 6 to 9 below is based on the audited accounts of the Oroup, after making the adjustments we consider appropriate for the inclusion of our report in the prospectus dated 11th July 1984. For all the accounting periods dealt with in this report, the audited accounts have been prepared throughout in accordance with standards approved by the accountancy bodies in the United Kingdom.

5. In our opinion the information set out in paragraphs 6 to 9 below gives, for the purpose of the prospectus, a true and fair view of the profits and source and application of funds of the Group for the five financial periods to 31st March 1984, and of the state of affairs of the Company and of the Group at 31st March 1984.

6. The significant accounting policies that have been adopted in arriving at the financial formation set out in this report, and that conform with UK accounting standards, are as follows:

#### (a) Basis of accounting

The accounts have been prepared on the historical cost basis of accounting modified by the revaluation of certain fixed asset investments. Current cost accounts have not been prepared as the Group does not fall within the scope of Statement of Standard unting Practice No 16.

The Group accounts include the accounts of the Company and its subsidiary prepared to 31st March in each year, and they have been consolidated on the merger basis of

#### (c) Tangible fixed assets and depreciation

Tangeble fixed assets are stated at cost less depreciation. Depreciation is calculated on a straight line basis so as to write off the cost of fixed assets over their estimated useful lives at the following annual rates: Buildings 1% Vehicles 25% Other assets 20%

Stocks comprise supplies and other stores held for resale and are valued at the lower

#### of purchase cost and net realisable value.

(e) Deferred taxation Provision is made for deferred taxation based on the latest known tax rates and legislation, except where a liability is not expected to arise in the foreseeable future,

the amount by which the taxation allowances claimed exceed the amounts provided in the accounts for depreciation of the relevant fixed assets;

(ii) the amount by which the taxation allowances claimed on leased assets exceed the

(iii) certain other revenues and expenses that are dealt with for texation purposes in periods different from those in which they are dealt with in the accounts.

#### (f) Investment in finance leases

The investment in finance leases represents the capital cost of leased equipment less the related borrowing. This cost will be written off over the periods of the respective leases in proportion to the lease rentals.

Turnover represents sales of computer software packages, and other related income net of sales taxes.

# (h) Research and development

Research and development expenditure is written off as it is incurred.

# Premiums and contributions to pension funds are charged to the profit and loss account

when they are paid. Foreign currency translations

Foreign currency transactions arising during the year are translated into pounds sterling at the approximate rates of exchange ruling at the time they arise. Assets and liabilities in foreign currencies are translated at the rates ruling at the balance sheet date. Exchange gains or losses are credited or charged to the profit and loss account.

#### Z. PROFIT AND LOSS ACCOUNTS

The profit and loss accounts of the Group for the five financial periods from the date of incorporation of Compsoft Limited to 31st March 1984, after making appropriate adjustments to the audited accounts, are set out below:

	27t Notes	h September 1978 to		_		
		31st March 1980	1981	Years ended	131st March 1983	1984
•		3	<b>£</b> -	3	3	. ξ .
Turnover		9,314	42,704	252,533	749,634	1,328,641
Cost of sales		(231)	(11,662)	(36,863)	(78,991)	(148,939)
Gross profit		9,083	31,042	215,670	670,643	1,179,702
Distribution costs		(201)	(1,798)	(3,688)	(16,663)	(43,515)
Administrative costs	(a)	(4,471)	(26,564)	(123,890)	(394,124)	(549,154)
		4,411	2,680	88,092	259,858	587,033
Bank deposit interest Interest payable on mortgage and other		_	_	1,648	<u>2,</u> 313	9,754
financing charges					(16,690)	(53,598)
Profit before taxation		4,411	2,680	89,740	245,479	543,189
<b>Taxation</b>	<b>(p)</b>	(2,138)	(987)	(36,226)	(133,789)	(215,776)
Retained profit		£2,273	£1,693	£53,514	£111,690	£327,413
Earnings per share	(c)	0.03p	0.02p	0.76p	1.60p	4.68p
Notes on the profit and loss	ассоин	ts				

# (a) Administrative costs included the following:

270	h September 1978 to 31st March 1980	1981	Years ended 1982	31st March 1983	1984
	£	£	3	£	£
Depreciation of fixed assets	1,758	3,057	9,093	21,312	30,429
Amount set aside for provision of pensions — Directors	_	_	25,000	25,000	1,387
Staff		6.730	17.000	24.000	45,000
Directors' emoluments Auditors' remuneration	250	900	950	2,000	6,000

(b) Taxation was based on the results of the Group for each period. It comprised the following:

-,	,	·	•		-	
	27	th September				
		1978 to	_			
		31st March		Years ende	d 31st March	
		1980	1981	1982	1983	1984
		£	£	3	£	£
	UK corporation tax	_	31	28,442	128,066	7,459
	Deferred taxation	2,138	956	7,784	5,723	208,317
	Total taxation	£2,138	£987	£36,226	£133.769	£215,776
	Total Manufacture					<u> </u>

(c) Earnings per share have been calculated throughout on the basis of profit after taxation and of 7,000,000 shares, being the 1,000 shares of £1 each in issue at 31st March 1984 adjusted for the capitalisation issues and reorganisation of capital since that date.

	=		
BALANCE SHEETS			
The balance sheets of the Company and the Cappropriate adjustments to the audited financial s	Froup at 31st M tatements are s	darch 1984 a et out below:	ifter makir
	Notes	The Company	The Group 31st March 1984
Fixed assets			
Property, vehicles and other equipment Investment in subsidiary	(p) (s)	504,464 492,380	660,166
		996,844	660,166
Current assets			
Investment in finance leases Stocks	(c)	Ξ	54,376 10,000
Trade debtors		80,000	394,004 167,314
Other debtors and prepayments Deferred taxation Bank balances and cash	Ø	2,100	90.941
		82,100	717,135

I	Current liabilities			
	Loans and overdrafts repayable within one year	(d)	23,888	58,321
	Creditors		7,666	75,751.
	Corporation tax		7,837	151,377
			39,391	286,459
	Net current assets		42,709	430,576
	Total assets less current habilities		1,039,553	1.090.842
	Loans repayable after more than one year	(e)	(542,870)	(369,241)
	Deferred taxation	ເກ		(224,918)
	Attributable to shareholders of the Company		£495.683	£436,683
	Representing			
	Share capital	(g)	1,000	1,000
	Reserves	(h)	495,683	495,683
			£496,683	£496,683
Not	es on the balance sheets			
- (a)	Property, vehicles and other equipment were stated as follows:	at cost less	accumulated	depreciation
			The	The
			Company	Group
			31st March	
			1984 £	1984 £
	The should assess at anot		-	-
	Freehold property at cost		510,000	510,900
	Aggregate depreciation		(5,536)	(5,536)
			504,464	504,464
	Vehicles, computers and other equipment at cost		_	211.953
	Aggregate depreciation		_	(56,251)
	-			155,700
				135,195
	Total		£504,464	£650,166

(b) Investment of the Company in its subsidiary, Compost Limited, comprised shares at a valuation based on the book value of the net assets of the subsidiary at 31st March 1984. (c) Investment in finance leases comprised the following: Group 1984 Capital expended on leased assets Less: proportion financed by loans 605,147 Net investment in finance leases £54,376

The lease rentals receivable are matched to and offset by the repayments.  The loans are secured on the related equipment.	due on the loans.
	3
Net investment to be amortised within one year  Net investment to be amortised after more than one year and within five	18,125
years	36.251

The leases provide the Group with a beneficial cash flow after taking account of taxation, and the interest earned on the investment of the resultant funds will be included in the profit and loss account as it arises

## (d) Loans and overdrafts repayable within one year comprised the following:

	ine	The
	Company	Group
	31st March	31st March
	1984	1984
	3	£
Hire purchase commitments — current portions	_	20,102
Mortgage loan (secured) — current portion	21,010	. 21,010
Bank overdrafts (secured)	2,878	17,309
	£23,888	£58,331
Loans repairable after more than one may comprised the	followin as	

	The Company	The Group
	31st March	31st March
	1984	1984
	Σ	£
Loan from subsidiary	220,890	_
Hire purchase commitments		47,261
Mortgage loan (secured)	321,980	321,960
	£542,870	£369,241

The subsidiary has agreed not to call for repayment of the loan within the next twelve

The hire purchase commitments are payable by instalments to 1988.

The mortgage loan is secured by a fixed charge on the Company's freehold property and there are remaining to be paid 9 instalments of varying amounts due November 1984 and annually thereafter as scheduled below. Interest is charged at 2% per cent. over LIBOR. The Company's bankers also have a floating charge over the other assets of the Group except

The mortgage loan is repayable as follows: In more than one and not exceeding two years 18,660 In more than two and not exceeding five years 65,380 In more than five years 237,920 £321,980

,	(including the amounts for which provision has been made), w		
		The	The
		Company	Group
	•	Sist March	31st March
		1984	1964
		£	1
	Taxation capital allowances in excess of depreciation charges	_	35,697
	Taxation capital allowances on leased assets	_	191,471
	Other timing differences	(2,100)	(2,250
	•		
		£(2,100)	£224,918
		<del></del>	

The provision for deferred taxation has been based upon the latest known projected tax rates and upon an estimate of the years in which the liabilities will arise.

(g) The issued share capital of the Company comprised 1,000 ordinary shares of £1 each, credited as fully paid.

# (b) The reserves of the Group arose as follows:

M	1978 to 1978 to 31st March 1980 £	1981 £	Years ende 1982 £	ed 31st March 1983 F	1984 £
Total reserves at beginning of period Retained profits Applied in bonus issue	2,273	2,273 1,593	3,966 53,514 (900)	56,580 111,690	168,270 327,413
At end of period	£2.273	£3,966	£56,580	£168,270	£495,683
Reserves comprised the fo	ollowing:-			The Company 31st March 1984 £	The Group 31st March 1984 £
Retained profits Surplus on revaluation of it	nvestment in	subsidiary		4,303 491,380	495,683
				£495,683 	£495,683 ————————————————————————————————————

Capital commitments:

Proposed capital expenditure was as follows: The The Gravo 31st March 31st M≥rch £36,500 £37,500 Contracted for but not provided: Authorised but not contracted:

STATEMENTS OF SOURCE AND APPLICATION OF FUNDS

270	h September				
	1978 to				
	31st March 1980	1981	Years ended	tareM tel6 i E391	1994
	1300 E	33	2	2	1001
SCURCE OF FUNDS:	_	_	_	_	
From operations:					
Profit before taxation	4.41 I	2,680	89,740	245,479	543,189
Items not involving					
the movement of funds: Depreciation	1 700	3.057	9.093	21,313	30,429
Loss/(gain) on disposal of	1,758	9,031	3,023	خداد, 12 -	03,453
fixed assets	_	_	_	550	(557)
Total generated from					
cperations	6,169	5,737	98,833	267,341	573,061
Other scurces of funds:					
Share capital issued Froceeds on sale of fixed	100		_	_	_
assets	_	_	_	1,450	10.644
Mortgage and other loans	_	_		342,273	26,568
				<del></del>	
Total source of funds	6,269	5.737	98,833	611,064	610,673
APPLICATION OF FUNDS:					
Purchase of fixed assets	7.034	5.190	31,866	565,855	127.957
Taxation paid		-		2,031	10,590
_					
	7.034	5,190	31,866	567,386	138,547
NET SOURCE/(APPLICATION)					
OF FUNDS	£(765)	£547	\$66.967	£43,178	£472,136
	2(100)		200,001		
INCREASE/(DECREASE) IN					
WORKING CAPITAL					
Net investment in finance leases					C 1 07C
Increase/(decrease) in		_	_		54,376
stocks		_	10,600	3.078	(3.678)
Increase in debtors	1,811	12,019	76,010	137,499	334,479
(Increase)/decrease in					
creditors	(2.766)	(9,683)	(50,860)	(105,157)	50,593
	(955)	2,336	35,750	35,420	435,770
Movement in net liquid	(300)	2,000	03,130	00,720	705,110
funds					
Increase/(decrease) in					
bank balances and cash	190	(130)	29,618	7,758	53,565
(Increase)/decrease in					
overdraft		(1,599)	1,599		(17,209)
	£(765)	£547	£66,967	£43,178	£470,126
	ارددعي	4-374	-00,001	473,110	فاختيبنات

Yours faithfully DELOITTE HASKINS & SELLS

# **Statutory and General Information**

# 1. The Company

£54.376

(1) The Company was incorporated on 21st January 1982 as a private company under the Companies Acts 1948 to 1980 with number 1608995 and with the name Meccles Limited. On incorporation, the Company had an authorised share capital of £100 divided into 100 shares of £1 each, of which two shares were issued for cash at par to the subscribers of the memorandum of association.

On 1st April 1982, the authorised share capital was increased to £1,000 divided into 1,000 ordinary shares of £1 each and 998 ordinary shares of £1 each were allotted at par, credited as fully paid, to the holders of the whole of the issued share capital of Compsoft Limited in consideration for the acquisition of their shareholdings in that

(3) On 16th November 1983, the Company changed its name to Compsoft Holdings Limited.

(4) By or pursuant to a special resolution dated 4th June 1984:

(a) the authorised share capital was increased to £50,000 by the creation of 49,000 new ordinary shares of £1 each;

(b) £43,000 was capitalised and applied in paying up in full 49,000 ordinary shares of £1 each all of which were allotted in due proportion to the persons whose names were then on the register, and

(c) the Company was re-registered as a public limited company under section 5 of the Companies Act 1980 with the name Compsoft Holdings plc.

(5) By or pursuant to a special resolution dated 22nd June 1984:

(a) the authorised share capital was reorganised and increased to £50,063.25 divided into 1,001,265 ordinary shares of 5p each; and

(b) 1,265 ordinary shares of 5p each were issued for cash at 125p per share to employees of the Company.

(6) On 11th July 1984, the authorised share capital was increased to £500,000 divided into 10,000,000 ordinary shares of 5p each and, conditionally upon the grant of permission to deal in the Unlisted Securities Market in the ordinary share capital of the Company not later than 25th July 1984, the following further changes were made in the issued

(a) 591,145 ordinary shares of 5p each were allotted to Kleinwort, Benson Limited at the striking price; and

(b) £300,379.50 was capitalised and applied in paying up in full 6,007,590 ordinary shares of 5p each, all of which have been allotted in due proportion to the persons whose names were then on the register.

# 2. Subsidiary

(1) The only subsidiary of the Company is Compsoft Limited which was incorporated in England on 27th September 1978 and has an issued share capital of £1,000. The principal activities of the subsidiary are the design, development, production and distribution of database management software.

(2) The subsidiary is a private company and wholly owned by the Company. There has been no change in the authorised or issued share capital of the subsidiary within the two years immediately preceding the publication of this document.

# 3. Articles of association

The articles of association of the Company contain provisions, inter alia, to the following effect

# (1) Votes of Members

Subject to disenfranchisement in the event of non compliance with a statutory notice requiring disclosure as to beneficial ownership, every member who (being an individual) is present in person or (being a corporation) is present by duly authorised. representative or proxy shall, on a show of hands, have one vote and on a poll every member shall have one vote for every share of which he is the holder. (2) Variation of Rights

#### All or any of the rights or privileges attached to any class of share may, subject to the Companies Acts, be varied or abrogated either with the consent in writing of the

resolution relates to:

of the holders of the issued shares of that class, but not otherwise. (3) Directors

(a) No shareholding qualification is required by a director. (b) A director shall not vote on any resolution concerning a matter in which he has. any material interest or duty which conflicts or may conflict with the interests of the Company and shall not be counted in the quorum at a meeting in relation to any resolution on which he is not entitled to vote. However, a director shall be entitled to vote and be counted in the quorum in circumstances where the

holders of at least three quarters of the nominal amount of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate meeting

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- HOLDINGS plc
  - (i) the giving to him of a guarantee, security, or indemnity in respect of money lent to, or an obligation incurred by him for the benefit of, the Company or arry of its subsidiaries;
  - (ii) the giving to a third party of a guarantee, security or indemnity in respect of an obligation of the Company or any of its subsidiaries for which the director has assumed responsibility in whole or part or whether alone or jointly with others under a guarantee or indemnity or by the giving of
  - (iii) a proposal concerning the offer of any shares, debentures or other securities of the Company or any of its subsidiaries, for subscription or purchase, in which he is or is to be interested as a participant in the underwiting or the sub-underwriting thereof,
  - (iv) a retirement benefits scheme which has been approved, or is conditional upon approval, by the Board of Inland Revenue for taxation purposes;
  - (v) any arrangement for the benefit of the employees under which the director benefits in a similar manner as the employees, and which does not accord to any director as such any privilege or advantage not generally accorded to the employees to whom the arrangement relates; and
  - (vi) any other company in which he is interested, directly or indirectly, and whether as an officer or shareholder or otherwise howsoever, provided that he is not the holder of or beneficially interested in 1 per cent. or more of any class of the equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for these purposes to be a material interest in all circumstances).
  - (c) The provisions of section 185 of the Companies Act 1948 (retirement of directors at age 70) apply to the Company.
  - (d) The directors shall, for their services as directors, be entitled to such annual remuneration as they may determine (not exceeding a sum of £10,000 for each director or such larger amount as the Company may by ordinary resolution decide). Any director who serves on any committee or who devotes special attention to the business of the Company or who otherwise performs services which in the opinion of the directors are outside the scope of the ordinary duties of a director may be paid such extra remuneration by way of salary, participation in profits or otherwise as the directors may determine.
  - (e) The directors may from time to time appoint any one or more of their body to be the holder of any executive office on such terms as they think fit, and may revoke or vary such appointment. The appointment of a director to any executive office as aforesaid shall automatically be terminated if he ceases for any reason to be a director. Any revocation or termination of any such appointment shall be without prejudice to any claim for breach of any contract between the director and the Company. A director so appointed shall not be subject to retirement by rotation and shall not be taken into account in determining the rotation of directors, and shall receive such remuneration (whether by way of salary, commission, participation in profits and partly in one way and partly in another or others, or otherwise) as the directors may determine.

The directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital, or any part thereof, and to issue debentures and other securities. The directors shall restrict the borrowings of the Company and exercise all voting and other rights and powers of control exercisable by the Company in relation to its subsidiaries so as to secure (as regards subsidiaries so far as by such exercise they can secure) that, save with the previous sanction of an ordinary resolution, no monies shall be borrowed if the aggregate principal amount (including any fixed or minimum premium payable on final repayment) outstanding of all monies borrowed by the Group excluding amounts borrowed by any member of the Group from any other member of the Group) then exceeds or would as a result of such borrowing exceed an amount equal to twice the aggregate of:

- (a) the amount paid up on the share capital of the Company; and
- (b) the total of the capital and revenue reserves of the Group (including any share premium account, capital redemption reserve and credit balance on the combined profit and loss account but excluding sums set aside for taxation and amounts attributable to outside shareholders in subsidienes of the Company and deducting any debit balance on the combined profit and loss account).

# 4. Directors' and other interests

(1) The Directors are expected to be interested, in each case beneficially, in the following numbers of ordinary shares of the Company immediately after the Offer for Sale but disregarding any shares which might be acquired under the Offer for Sale:-

P. N. Horgan 2,920,000 I. Miller (0.01%)Prof D. V. Canter

- (2) Save as disclosed above, the Directors are not aware of any shareholding which will represent more than 5 per cent. of the issued share capital of the Company immediately after the Offer for Sale.
- (3) Save as disclosed in (6) below, no Director has, or has had, any interest in any assets which, within two years before the date hereof, have been, or which are proposed to be, acquired or disposed of by, or leased to the Company or its subsidiary and, save as aforesaid, no contract or arrangement exists in which a Director is materially interested and which is significant in relation to the business of the Group, taken as
- (4) The aggregate emoluments of the Directors for the year ended 31st March 1984 amounted to £45,000. For the year ending 31st March 1995 they are expected to amount to £72,000.
- (5) Under the offer for sale agreement referred to in paragraph 6 below, the Directors have undertaken not to deal in the ordinary shares of the Company prior to the date on which the audited accounts of the Company for the financial period ending in 1986 are laid before the Company in general meeting without the prior written consent of Kleinwort, Benson Limited.
- (6) Prof D. V Canter is a shareholder and director of Interlogos Limited, a company which has agreed to provide certain market research and product development services to Compsoft for a fee which will not exceed £10,000.

# 5. Service agreements

Each of the Directors other than Prof. D. V. Canter has a service agreement with the Company running for two years from 11th July 1984 under which the current annual basic

P. N. Horgan £18.000 £18,000 H L Kearsley £17,000 J. Miller

# Offer for sale agreement

Under contract (c) in paragraph 7 below, Kleinwort, Bensen Limited has agreed subject, inter plia, to the Council of The Stock Exchange granting not later than 25th July 1984 permission for the ordinary share capital of the Company to be dealt in on the Unlisted Securities Market, to purchase from P. N. Horgan and H. L. Kearsley a total of 1,300,000 ordinary shares of 5p each at a minimum price of 117 6p per share and to offer for sale those shares and the 591,145 ordinary shares mentioned in paragraph 1(6)(a) above at a minimum price of 100p per share. Under this contract, Eleinwort, Benson Limited will receive from the Company a fee and a commission of 2°; of the minimum price in respect of the 591,145 new ordinary shares. Out of this fee and commission Kleinwort, Benson Limited will pay fees to the brokers.

# 7. Material contracts

The following contracts, not being contracts in the ordinary course of business, have been entered into within the two years immediately preceding the date hereof and are, or may

- (a) dated 16th August 1982 between (1) Courts Finance Co. and (2) the Company being a facility letter for £350,000 in connection with the purchase of Hallams Court (the obligations under which were secured by a legal mortgage dated 16th November 1982):
- (b) dated 18th August 1982 between (1) Apus Properties Limited and (2) the Company being the contract for the purchase of Hallams Court for £510,000 (which property was transferred to the Company on 16th November 1982);
- (c) dated 11th july 1984 between (1) the Directors. (2) P. N. Horgan and H. L. Kearsley. (3) Kiemwort, Benson Limited and (4) the Company being the offer for sale agreement referred to in paragraph 6 above.

# 8. Taxation

(1) The Directors have been advised that, immediately after completion of the offer for sale agreement, the Company will continue to be a close company within the meaning of the Income and Corporation Taxes Act 1970.

(2) Pursuant to the offer for sale agreement P. N. Horgan and H. L. Kearsley have given to Kleinwort, Benson Limited and the Company the usual indemnities in respect of

- (1) No share or loan capital of either company in the Group is under option or agreed. conditionally or unconditionally to be put under option.
- Save as disclosed in paragraph 1 above, no share or loan capital of either company in the Group has been issued since 11th july 1982 or is agreed or is proposed to be issued either for cash or otherwise.
- Save as disclosed in paragraph 6 above, no commissions, discounts, brokerages or other special terms have been granted by either company in the Group since 11th July 1982 in connection with the issue or sale of any part of the share or loan capital
- The expenses (exclusive of value added tax) payable by the Company relating to the Offer for Sale and to the application to the Council of The Stock Exchange for permission to deal in the ordinary shares of the Company in the Unlisted Securities Market are estimated to amount to £250,000.
- The minimum amount which, in the opinion of the Directors, must be raised by the issue of the 591,145 new ordinary shares comprised in the Offer for Sale to provide for the matters referred to in paragraph 4(a) of Part I of the Fourth Schedule to the Companies Act 1948 is as follows: (i) £ nil; (ii) £ nil; (iii) £ nil; and (iv) £449,000.
- The Group has no laugation or claims of material importance pending or threatened against it and no facts are known to the Directors which are likely to give rise to any such litigation or claims.
- There has been no material change in the trading or financial position of the Group since 31st March 1984.
- No material issue of shares (other than to shareholders pro rata to existing holdings) will be made within one year without the prior approval of the Company in general
- 2,400,000 ordinary shares (24%) will remain authorised but unissued following the Offer for Sale. No issue of snares will be made which would effectively alter the control of the Company or the nature of its business without the prior approval of the Company in general meeting.
- (10) Financial information contained in the accountants' report does not amount to full individual accounts within the meaning of section 11 of the Companies Act 1981. Full individual accounts relating to each accounting reference period to which the financial information relates have been delivered to the Registrar of Companies. The auditors have made a report under section 14 of the Companies Act 1967 in respect of each such set of accounts, and each such report was an unqualified report within the meaning of section 43 of the Companies Act 1980.
- Delotte Haskins & Sells have given and have not withdrawn their written consent to the issue of this document with the inclusion herein of their report, together with the references thereto and to their name in the form and context in which they appear.
- (12) The above-mentioned consent, a statement of the adjustments made by Deloitte Haskins & Sells at arriving at the figures set out in their report and the reasons for them and copies of the contracts referred to in paragraph 7 above and of the application forms were attached to the copies of this document delivered to the Registrar of Companies for registration.

#### 10. Documents for inspection

The offer for sale agreement and copies of the following documents may be inspected at the offices of Herbert Smith & Co, Watting House, 35/37 Cannon Street, London EC4M SSD, during usual business hours on any weekday (Saturdays excepted) for a period of 14 days from the date of this document:

- (a) the memorandum and articles of association of the Company; (b) the audited financial statements of the Company for the two years ended 31st
- March 1984 and of Compsoft Limited for the three years ended 31st March 1984; (c) the accountants' report and the statement of adjustments referred to above;
- (d) the service agreements referred to in paragraph 5 above;
- (e) the material contracts referred to in paragraph 7(a) and (b) above; and (f) the written consent referred to in paragraph 9(11) above.
- Dated 11th July 1984

# Procedure for Application

- 1. Applications must be made on the accompanying application form at the a whole multiple of 5p.
- 2. Applications must be for a minimum of 200 shares and thereafter for the following multiples of shares:

- for not more than 2,000 shares - for more than 2,000 shares but not more than 5,000 shares

- for more than 5,000 shares but not more than 10,000 shares - for more than 10,000 shares but not more than 50,000 shares - for more than 50,000 shares

1,000 shares 5.000 shares 10,000 shares

in multiples of

200 shares

500 shares

3. Applications must be lodged with National Westminster Bank PLC, New Issues Department, P.O. Box 79, 2 Princes Street, London EC2P 2BD, or posted so as to arrive in either case not later than 10 a.m. on Thursday, 19th July 1984 (being the time of opening of the application list).

- Each application must be accompanied by a separate cheque or banker's draft drawn in sterling on a branch (in England, Scotland, Wales, Northern Ireland, the Channel Islands or the Isle of Man) of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided for the members of those Clearing Houses (and which must bear the appropriate sorting code number in the top right hand corner) made payable to National Westminster Bank PLC and crossed "Compsoft — Not Negotiable", representing payment in full at the application price. The right is reserved to present all cheques for payment and to retain Letters of Acceptance and surplus application money pending clearance of the successful applicants' cheques and to reject any application in whole or in part and in particular multiple or suspected multiple applications. Applications from the same person at different prices will not be regarded as multiple applications. Due completion and delivery of an application form accompanied by a cheque will constitute a representation that the cheque will be honoured on first presentation; attention is drawn to the declaration in the application form to that effect. Applications will be irrevocable until 27th July 1984. Photostat copies of application forms will not be accepted.
- 5. No person receiving a copy of this document or an application form in any territory other than the United Kingdom may treat the same as constituting an invitation to him, nor should he in any event use such form, unless in the relevant territory such an invitation could lawfully be made to him or such form could lawfully be used without contravention of any registration or other legal requirements. Any person outside the United Kingdom wishing to make an application hereunder should satisfy himself as to observance of the laws of any relevant territory, including obtaining any requisite governmental or other consents and observing any other requisite formalities.

# Basis of acceptance

Applications complying with the above procedure will be dealt with on the

- All shares for which applications are wholly or partly accepted will be sold at the same price (the 'Striking Price'), which will be not less that the minimum
- 2. If applications are received for more than the total number of shares offered, the Striking Price will not exceed the highest price at which sufficient applications (including applications at above that price) are received for the total number of shares offered but may be a price lower than such highest price. If applications are received for fewer shares than the total number offered, the Striking Price will be the minimum tender price of 120p per share. Subject to the foregoing. Kleinwort, Benson Limited will have absolute discretion in deciding the Striking Price and the basis of allocation. In so deciding, Kleinwort, Benson Limited will have regard to the need to establish a satisfactory market in the shares. No

applications must be made on the special pink application forms which are being made available to such employees. They will be permitted to apply at the Striking Price (rather than tendering a specific price) stating a maximum aggregate purchase price and, if they wish, a maximum Striking Price. In the event of excess applications being received from employees, the basis of allocation among them will be determined by Kleinwort, Benson Limited at its absolute discretion.

- 4. The Offer for Sale by Tender is conditional on the grant by the Council of The Stock Exchange of permission to deal in the Company's ordinary shares, in the Unlisted Securities Market on or before 25th July 1984. Money paid in respect of all applications will be returned without interest if such permission is not granted and in the meantime will be retained by National Westminster Bank PLC in a separate account.
- 5. The Striking Price and the basis of allocation will be announced on or as soon as possible after 19th July 1984. Renounceable Letters of Acceptance are expected to be despatched by 25th July 1984. If any application is not accepted, or is accepted for fewer shares than the number applied for, or is accepted at a lower price than that tendered, the application money or the balance of the amount paid on application will be returned without interest by cheque through the post.
- 6. Letters of Acceptance will be renounceable until 3 p.m. on 23rd August 1984. The shares now being offered for sale will be registered free of stamp duty in the names of the purchasers or persons in whose favour Letters of Acceptance have been renounced, provided that, in the case of renunciation, Letters of Acceptance duly completed in accordance with the instructions contained therein are lodged for registration at or before 3 p.m. on 23rd August 1984. Share certificates will be despatched by first class post by 20th September 1984.
- 7. All cheques and documents sent by post will be sent at the risk of the persons
- 8. Dealings in the ordinary shares of the Company are expected to commence on Thursday, 26th July 1984.

Copies of this document with application forms may be obtained from: Kleinwort, Benson Limited, National Westminster Bank PLC, Laurence, Prust & Co., Basildon House, New Issues Department, 7-11 Moorgate, London EC3P 3DB

London EC2R 6AH Outside London, copies are available from the following branches of National Wes

London ECCP 2BD

7114

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Service (

A Warran

Barrier to

h. G

Birmingham Edinburgh 14 Blythswood Square 80 George Street 117 St. Mary Street Colmore Centre 103 Colmore Row Manchester 55 King Street Guildford Godalmino 77 High Street

# **Application form**

THE APPLICATION LIST FOR THE ORDINARY SHARES NOW OFFERED FOR SALE WILL OPEN AT 10 A.M. ON THURSDAY, 19th JULY 1984 AND MAY BE CLOSED AT ANY TIME THEREAFTER. This form should be completed and forwarded to National Westminster Bank PLC, New Issues Department, P.O. Box 79, 2 Princes Street, London EC2P 2BD, with a cheque/banker's draft representing payment in full at the application price, so as to arrive not later than 10 a.m. on Thursday, 19th July 1984. Cheques/banker's drafts, which must be drawn on a bank in and be payable in England, Scotland, Wales, Northern Ireland, the Channel Islands or the Isle of Man, payable in Highliti, Schlatte, "National Westminster Bank PLC" and be crossed "Compsoft—Not Negotiable" and are liable to be presented for payment on receipt. A separate cheque/banker's draft must accompany each application. No application will be considered unless these conditions are fulfilled.

Applicants are advised to use first class post and to allow at least two days for delivery.

# COMPSOFT

#### HOLDINGS plc

(Incorporated in England under the Companies Acts 1948 to 1980 No. 1608995)

# Offer for Sale by Tender

# Kleinwort, Benson Limited

of 1,891,145 ordinary shares of 5p each at a minimum tender price of 120p per share, the price tendered being payable in full on application

\*Applications must be for a minimum of 200 shares and thereafter as follows:

for not exceeding 2,000 shares in multiples of 200 shares 500 shares 1,000 shares 5.000 shares 10,000 shares 50,000 shares 5 000 shares

\*The price per share at which application is made must be indicated here and must be 190p or a higher price being a whole multiple of 5p. \*Price per share at which Amount of chaque/banker application is made application is made craft enclosed £ p Shares Allotted To: KLEINWORT, BENSON LIMITED Amount Paid I/We enclose a sterling cheque/banker's draft payable to National Westminster Bank PLC for the above mentioned sum, being the amount payable in full on application for the stated number of shares in Compsoft Holdings plc (the "Company") at the price per share indicated above, and I/we offer to purchase that number of shares and I/we agree to accept the same or any smaller number in respect of which this application may be accepted at the Striking Price upon the terms of the Offer for Sale document dated 11th july 1984 and subject to the memorandum and articles of association of the Company. I/We request that you cend to me/us a fully paid renounceable Letter of Acceptance in respect of such shares, together with a cheque for any amount overpaid, by post at my/our risk to my/our address first given below. Amount Returned

of the Company as the holder(s) of the shares so purchased by me/us the right to which has no been effectively renounced. In consideration of your agreeing to accept applications upon the terms and subject to the conditions of the said Offer for Sale document, I/we agree that this application shall be irrevocable until 27th July 1984 and that this paragraph shall constitute a collateral contract between me/us and you which shall become binding upon receipt of this application form duly completed by Neuonal Westminster Bank PLC, New issues Department.

I/We authorise you to procure my/our names to be placed on the requiter of member

If the understand that the completion and delivery of this application form accompanied by a cheque constitutes a warranty that the cheque will be honoured on first presentation, and I/we acknowledge that any allocation to me/us is strictly on that understanding. I/We also acknowledge that renounceable betters

		Please use Block capit  Forename(s) (in full)
		Surname and dosign
In the case	of joint applications all further applicants must sig	
	2 Signature	
Please	Forename(s) (in full)	designation
piñ your ctieque/	Forename(s) (in full)	designation (Mr., Mrs.,
pan your	Forename(s) (in full)	designation (Mr. Mrs., Miss or Title)
pin your cheque/ bansers	Forename(s) (in full)  Address (in full)  3. Signature	designation
pin your cheque/ bansers	Forename(s) (in full)  Address un full)  3. Signature  Forename(s) (in full)	designation (Mr. Mrs., Miss or Title) Surname and designation
piñ your ctieque/ bansers	Forename(s) (in full) Address on full)  3. Signature Forename(s) (in full) Address (in full)	designation
piñ your ctieque/ bansers	Forename(s) (in full)  Address un full)  3. Signature  Forename(s) (in full)	designation

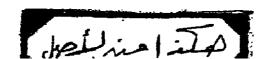
allocation will be made in respect of applications, whether preferential or otherwise, at prices below the Striking Price.

3. Up to 50,000 shares which will be allocated at the Striking Price are reserved in the first instance for applications from employees (including Directors other any surplus application money, or by the return of the application money, in each case at the risk of the personal entitled thereto. A corporation should sign under the band of a duly authorized official whose representative capacity thus

Miss or Title)

Foreneme(s) (in full) ...... designation ..... designation .....

Address (in full) . . . . . . . . . . . . . . . (Mr . Mrs.,



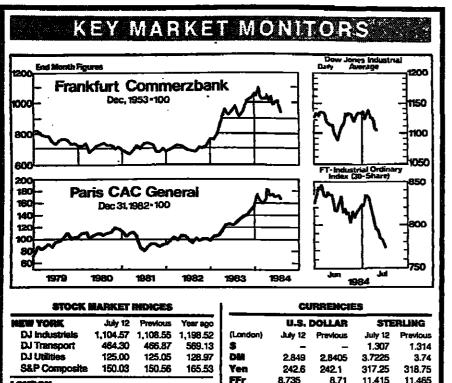
NEW YORK STOCK EXCHANGE 34-36 AMERICAN STOCK EXCHANGE 35-36 U.S. OVER-THE-COUNTER 36, 44 WORLD STOCK MARKETS 36 **LONDON STOCK EXCHANGE 37-39** UNIT TRUSTS 40-41 COMMODITIES 42 CURRENCIES 43 INTERNATIONAL CAPITAL MARKETS 44

# SECTION III - INTERNATIONAL MARKETS FINANCIALTIMES

Austrian bank issues **Eurobond** with warrants, Page 44

Friday July 13 1984





DJ Transport	464.30	466.87	569.13
DJ Utilities	125.00	125.05	128.97
S&P Composite	150.03	150.56	165.53
LONDON			
FT ind Ord	771.1	782.0	688.2
FT-SE 100	991.4		933.0
		1,001.7	
FT-A All-share	464.9	471.2	436.29
FT-A 500	501.03	509.17	472.93
FT Gold mines	539.8	532.8	655.7
FT-A Long gilt	11.33	11.33	10.87
TOKYO			
Nikkei-Dow	10,270.16		
Tokyo SE	781.42	787.05	657.02
AUSTRALIA			
	COE 7	ece o	
All Ord.	665.7	668.2	620.2
Metals & Mins.	412.5	415.7	546.1
AUSTRIA			
Credit Aktien	53.57	53.51	55.82
O CUIL ARREST	JJ.J/	33.31	33.02
BELGIUM			
Belgian SE	141.15	142.10	129.48
	171,10	110	
CANADA	July 12	Prev.	Yr ago
	,		
<b>Toronto</b> Metals & Minis	A1/A	4 045 00	
	N/A	1,815.86	0.454.5
Composite	2,175.5	2,196.83	2,454.5
Montreal			
Portfolio-	105.72	107.05	122.78
DENNARK			<del></del>
	400.0		
Copenhagen SE	186.2	n/a	158.36
FRANCE		••	— I
CAC Gen	166.2	168.6	126.1
Ind. Tendance	106.8	108.5	78.6
IIIO, TETIORINE	6.003	100.5	70.0
WEST GERMANY	,		
FAZ-Aktien	326.47	331.15	325.27
Commerzbank	941.3	955.1	965.4
COMMINICATION IN		J. 1	
HONG KONG			ł
Hang Seng	763.78	763.61	1,027.11
			l
ITALY			i
Bança Çomm.	206.97	206.64	190.45
			<u> </u>
<b>METHERLANDS</b>			
ANP-CBS Gen	152.2	154.1	136.6
ANP-CBS Ind	123.2	124.8	110.2 j
NORWAY			<del></del>
	000 00	045.00	105 52
Oslo SE	238.83	245.92	195.53
SUIGAPORE			
Straits Times	867.26	878.64	976.10
Juano I BIRES	OU .20	01 0.04	370.10
SOUTH AFRICA			
Golds	n/a	902.0	935.4
industrials	n/a	n/a	913.7
SPAIN			f
Madrid SE	128.67	128.77	120.04
SWEDEN			i
J&P	1,477.07	n/a	1,393.47

SWITZERLAND

Capital Int'l

London

Frankfurt

Paris (fixing)

Luxembourg (fixing)

New York (July)

Swiss Bank Ind

359.6

169.6

GOLD (per ounce)

171.8

July 12 \$342.00

\$341.75

\$339.08

338.0

179.8

\$341.50

\$341.00

\$340.75

\$339.08

\$335,50

	~	JRRENCIE	-	
			<u> </u>	
l	U.S.	DOLLAR	STE	RLING
(London)	July 12	Previous	July 12	Previous
<b>  \$</b>	_	_	1.307	1.314
DM	2.849	2.8405	3.7225	3.74
Yen	242.6	242.1	317.25	318.75
FFr	8.735	8.71	11.415	11.465
Swfr	2.408	2.4005	3.1475	3.16
Gulider	3.213	3.206	4.20	4.22
Lira	1751.0	1744.0	2288.0	2295.5
BFr	57.775	57.675	75.5	75.9
C\$	1.3348	1.33325	1.744	1.7535
	INTE	REST RA	TES	
Euro-cu	rrencies		July 12	Prev
(3-month	offered ra	te)		
2	;	-	1213/16	12
S	wFr		417/18	413/16
D			5'%	515/16

6-month U.S.\$ U.S. Fed Funds U.S. 3-month CDs			1	2%  1°  1.65°	12% 11% 11.70	
	3-month			0.04*	10.12	
U.S BONDS						
Tres	SURTY	July 1	2-	Pre	W	
l	_	Price	Yleid	Price	Yiel	
13	1986	100%	12.93	9931/32	13.0	
13%	1991	101 <sup>19</sup> 52	13.45	100%	13.5	
13%	1994	98%	13.44	972%	13.5	
13%	2014	1001%:	13.10	992%2	13.3	
Corp	orate		2°	Pre	v	
AT &	T	Price	Yield	Price	Yiel	
10%	June 1990	86%	13.80	86%	13.8	
3%	July 1990	71	10.55	71	10.5	
8%	May 2000	67 ½	13.85	67%	13.8	
Хегох	3					
10%	March 199	3 83%	14.00	83%	14.00	
Diamo	ond Shame	rock				
10%	May 1993	821/2	14.15	82%	14.1	

Federated Dept	Stores			
10% May 2013	76%	14.05	76%	14.05
Abbot Lab				
11.80 Feb 2013	84%	14.05	84%	14.05
Alcoa				
12¼ Dec 2012	84%	14.50	84%	14.50
FINA	NCIAL	CHTH		
FIRA	MUIAL	FUIU		
CHICAGO	Latest	High	Low	Prev
U.S. Treasury	Bonds (4	CBT)		
8% 32nds of 100				
Sept			61–30	61-21
U.S. Treasury		MI)		
\$1m points of 16				
Sept			89.21	89.18
Certificates of	-	t (IMM)		
\$1m points of 16	00%			
Sept				
•	87.78	87.79	87.55	87.55
LONDON	87.78		87.55	87.55

	COMMO	DITIES		
£50,000 32ni Sept	ds of 100% 99-01	99-06	98–16	99-0
Sept 20-year No	87.53 otional Gift	87.55	87.41	<b>87</b> .4

COMMODITIES				
(London)	July 12	Prev		
Silver (spot fixing)	555.40p	552.05p		
Copper (cash)	£1008.50	£997.50		
Coffee (July)	\$2196.50	£2215.00		
Oil (spot Arabian light)	\$27.75	\$27.75		

**WALL STREET** 

# **Tone turns** brighter but revival slow

THE BOND markets turned higher on Wall Street yesterday in response to an initial dip in the federal funds rate and in anticipation of the fall in the M1 money supply total, which was confirmed late in the session, writes Terry Byland in New York

There was little increase in buying support for bonds and the stock market could make no recovery from the set-

back of the previous session, however.

The stock market was depressed throughout the session and attempts to rally proved unsuccessful. At the close. when the federal funds rate edged up to 11 per cent again, the Dow Jones average showed a net fall of 3.98 points to 1,104.57. Turnover of 86m shares compared with 89.5m on the previous day.

The flow of second-quarter earnings from major corporations made a muted start, with the stock market subdued after slightly disappointing results from General Electric, as well as the shock dividend cut from ITT. There was little response to the first round of results from the major banks, including Chemical and Marine Midland.

The fall in the federal funds rate to 101% per cent at mid-morning was significant psychologically since many credit market specialists believe that the Federal Reserve may have lifted its target range for the funds to between 11% and 11½ per cent. But the market response was cautious yesterday and bond traders were not making too much of expectations of a fall in M1, since the upward trend in money supply is likely to be resumed in the following week.

Confidence in the stock market was low, with analysts commenting that the sell-off in the wake of ITT's announcement disclosed the market's vulnerability to bad news. The mid-June low of 1,086 on the Dow scale seems likely to be tested again soon.

After rallying from an initial fall, the stock market tried to respond to firmness in bonds, but turned lower again at

mid-session.
General Electric, which shed \$1% on Wednesday, gave up a further early \$\% to \$49% yesterday as analysts took a slightly cool view of the gain reported on the sale of the Utah International subsidiary.

ITT, still being dealt actively, recovered \$1% of the previous \$10 loss to \$22%. But the cut in income yield continued to lie heavily on the market. Few brokers recommend the shares on a trading basis after the board's warning on profits, but some see ITT as a possible takeover target if the stock price falls any lower.

Also firmer was AT&T, \$\% up at \$17\%. Teledyne, at \$227% gained \$3% after reporting higher profits for the second

Financial Corp of America, the largest of the thrift companies, which warned of a 35 per cent drop in second quarter earnings, rallied by 5% to \$9% after falling sharply in the previous session.

Losses in blue chips were extended during the morning. IBM at \$104% was \$½ off, while Texas Instruments gave up \$3% to \$119, Hewlett Packard \$1% to \$34\forall and U.S. Steel \$\forall \to \$22\forall .

In the credit markets short-term rates slackened in the wake of the federal funds rate. Three-month Treasury bills were discounted at 10.03 per cent, a dip of five basis points, and six-month bills at 10.49 per cent were seven basis points

The bond market began to edge higher, but there was very little increase in retail demand. The key long bond of 2014 moved above par again, to trade at 1001/12, a gain of 12/32.

Traders remained unsure of the outlook ahead of next week's meeting of the Federal Open Market Committee. The chances of a tightening in official credit policies are still thought to be high, with an increase in the federal discount rate a possibility.

#### LONDON

# Late rally rescues dismal day

A THOROUGHLY demoralised tone remained in London equity markets yesterday. Leading shares sustained a severe early setback and most sectors followed as the market further assessed the implications of interest rate rises.

The bulk of the selling took place just after midday when persistent institu-tional and public offerings found the market unreceptive.

Measuring the extent of the setback, the FT Industrial Ordinary index was down 23.2 by 2pm but a fairly strong technical rally left it a net 10.9 down at 771.1, making a fall of 48.2 since the move towards dearer credit started last

Among the index constituents Imperial Group fell 10p to 139p and Thorn EMI 43p to 473p, both following disappointing trading statements.

Store shares, although closing above the day's lowest, were again worst hit on consumer spending fears.

Government securities, in contrast, put on a relatively steady performance. Long-dated stocks settled with losses of about % on the day, while closing falls in the shorts ranged to % and occasionally

Chief prices changes, Page 36; Details, Page 37; Share information services, Pages 38-39

# **TOKYO Enthusiasm** reaches

a low ebb

WILTING investor enthusiasm, coupled with the overnight plunge on Wall Street, sent share prices lower almost across the board in Tokyo yesterday, writes Shigeo Nishiwaki of Jiji Press. The Nikkei-Dow market average shed 84.72 to 10,270.18 on volume which to-

talled 333.60m shares, up from 310.92m. Declines outnumbered advances by 482 to 196, with 170 issues unchanged. Securities companies were surprised

at the low enthusiasm. Major brokerage houses stepped up efforts to prevent investors pulling out of the market.

Toshiba, a leading general electric

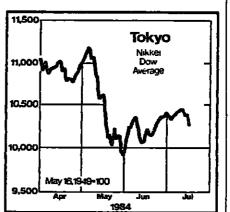
maker, dipped Y3 to Y377 in slim trading, despite its announcement that consolidated after-tax profit and earnings per share in the year to March 31 had hit all-time highs.

Buying interest in biotechnology-related stocks dispersed. Takeda Chemical fell Y3 to Y785, despite announcing on Wednesday that it had started clinical tests on Interleukin-2, an anti-cancer agent produced through gene-splicing

Blue chips dropped on a broad front under small-lot selling pressure. Kyoce-ra declined V110 to Y6,020, TDK Y100 to Y4,630, Fuji Photo Film Y20 to Y1,550 and NEC Y20 to Y1,140. Hitachi and Mat-sushita Electric Industrial lost Y10 each

to Y816 and Y1,640 respectively.

Bond prices firmed slightly as the yen's further drop was offset by the Bank of Japan's offer to buy Y100bn worth of government bonds of between



seven years seven months and nine years left to maturity. However, trading was inactive as city banks and securities houses were busy coping with the central bank's buying operation.

The yield on the benchmark 7.5 per cent long-term government bond, matur-ing in January 1993, fell to 7.485 per cent at one point but later rose to 7.490 per cent, compared with parity the previous

#### **HONG KONG**

PRESSURE abated in Hong Kong as the conclusion of the latest round of Sino-British talks brought no immediate cause for further severe setbacks in a market heavily sold over the past fort-

night.

Nonetheless, the Hang Seng index was able to firm a negligible 0.17 to 763.78, and many leading issues did emerge lower still – among them Jardine Matheson with a 15-cent fall to

But Cheung Kong added 10 cents to HKS6.30 and Hongkong Electric 5 cents to HK\$5.10.

# **SINGAPORE**

AN ESCALATION of Singapore losses took the Straits Times industrial index 11.38 lower to 867.18 and left declines with a margin over advances of almost

seven to one.

Activity, although still light, picked up somewhat. Pan Electric as volume leader shed 3 cents to SS2.16, while high turnover in OCBC took the bank 20 cents down to S\$9.25. Pahang Consolidated, also busily dealt, eased a cent to

# **AUSTRALIA**

COMPOSURE was maintained in Sydney, with prospects of major exporters helped by the lower Australian dollar. Residual weakness centred on mining issues while industrials performed bet-

BHP slipped 2 cents to A\$4.50, as did Energy Resources at AS1.53, while Santos on AS5.66 was 4 cents poorer.

Of the newspaper publishing groups, Mr Rupert Murdoch's News Corporation shed 20 cents to AS9.30, but Fairfax jumped 40 cents to A\$5.70.

# **SOUTH AFRICA**

TRADING quietened significantly in Johannesburg, leaving gold shares rarely much either side of overnight levels. Industrials, though, remained under some pressure over the interest rate outlook.

Randfontein firmed 50 cents to R170, but St Helena eased that amount to R39.50. Of the mining houses, Anglo-American dipped 10 cents to R22.05 and De Beers put on 8 cents at R8.98.

**EUROPE** 

# The dollar remains a deterrent

NO END was seen yesterday to the slide in European share values, with bourse investors again deterred by the strength of the dollar and the outlook for interest

In Frankfurt, where the dollar was again at a 10-year high, shares slipped back to levels not seen since last September. The Commerzbank index dipped a further 13.8 to 941.3 after some

sharp early falls in active trading. However, its mid-session calculation came too early to reflect later bargainhunting that left values stabilising around the lower levels.

One of the heaviest losers was Preussag, trading ex a DM 8 dividend. It closed DM 18 lower at DM 238.

Among motor manufacturers, VW shed DM 3.20 to DM 172 as it announced that the seven-week metalworkers' strike had cost DM 500m of potential post-tax profit. Daimler fell DM 4 to DM 524, and Porsche DM 2 to DM 943, but BMW added DM 1.50 to DM 361.50.

Insurer Allianz traded ex a DM 10 dividend, closing down that amount at DM

Bonds were barely changed during a nervous session. The Bundesbank, which decided on no change in credit policies at its council meeting, bought a small DM 3.3m of paper after taking up DM 11.2m worth the previous session.

Amsterdam was broadly easier in quiet trading although there, too, some

late bargain-hunting developed.

Among banks, ABN's expectations of lower first-half profits depressed the banking sector further, after Wednes-day's setback. ABN dropped Fl 7 to Fl 292 though this was Fl 2 above its opening low. NMB fell Fl 4 to Fl 126 but Amro held its loss to 10 cents at Fl 54.40. Bonds continued to slide on interest

rate worries. Losses among the banking and financial sectors led Zurich lower in moderate turnover. In chemicals, Sandoz was

unchanged at SwFr 6,850 as it announced higher first-half sales. Bonds turned lower.

In Paris, shares were easier with active sellers finding few buyers. Investment interest was said to be cautious ahead of last night's televised speech by President François Mitterrand.

Oils were again weak, with Matra down FFr 25 to FFr 1,395, Esso FFr 16 to FFr 720 and Cie Française de Raffinage FFr 6.50 to FFr 86.50.

A moderate level of trading took Brussels lower with retailer Delhaize virtually the only stock to rise. It added BFr 20 to BFr 4,870, continuing the improvement seen in recent days.

Chemical stocks continued weaker, with Solvay down BFr 80 to BFr 3,430. Stockholm ended mixed to lower al-

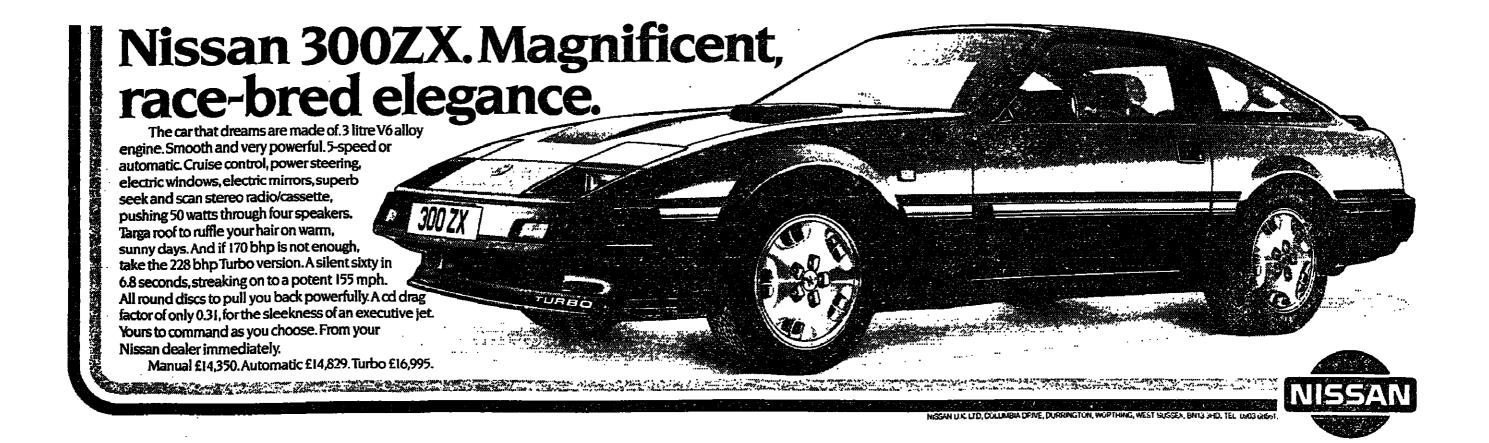
though some foreign demand spurred a SKr 15 rise in Asea to SKr 340. Madrid was also marginally lower,

ending a fortnight of advances, while a narrowly firmer tone was seen in Milan - the market's direction again dictated by technical adjustments ahead of Monday's monthly settlements.

# CANADA

SETBACKS in Toronto centred on the base metals and energy sectors while golds enjoyed something of a revival.

Industrials in Montreal encountered the brunt of selling, but neither banks nor utilities were able to make much



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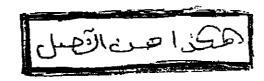
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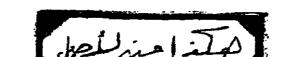
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# WODID STOCK MARKETS

WORLD STOCK MARKETS	-
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#### **MARKET REPORT**

### Late rally arrests further slide in equities but index still down 10.9 at 771.1

Account Dealing Dates Option

\*First Declara- Last Account

Dealings tions Dealings Day June 18 June 28 June 29 July 9 July 2 July 12 July 13 July 23 July 16 July 26 July 27 Aug 6 \* "Blow-time " dealings may take place from 8.30 am two business days

equity London markets remained thoroughly demoral-ised yesterday. Leading shares sustained an early severe set-back and most sectors followed in their wake as the market further assessed the implications

of dearer money. Wall Street's 18.33 fall over-Wall Street's 18.33 fall overnight contributed to the general
depression, while the current
labour problems continued to
weigh heavily on sentiment.
The bulk of the selfing took
place just after mid-day when
persistent institutional and
public offerings found the
market unreceptive. Measuring
the extent of the setback, the
Financial Times Industrial Ordinary share index, already down
9.1 at the 11.00 am calculation.

nary share index, already down 9.1 at the 11.00 am calculation, fell away sharply to extend the loss to 23.2 by 2.00 pm.

A fairly strong technical rally left the index a net 10.9 down on the day at 771.1 making a fall of 48.2 since the move towards dearer credit started last Friday.

Among the index constituents. Imperial Group and Thorn EMI both fell sharply following disappointing trading statements. Stores shares, although closing stores shares, although closing above the day's lowest, were again worst hit on consumer spending fears. Breweries lost further ground along with Foods, for the same reason. Buildings again declined in anticipation of a big rise in the mortgage rate today.

an initial firm level of 455p to 110p.

**EQUITY GROUPS** 

end a couple of pence cheaper at 438p. Royals lost 5 at 450p, after 465p. Among Life issues, Sun Life were also supported on take over hopes and closed 48 up at 640p. Lloyds Brokers, however, traded lower. Minet were friendless at 157p, down 10.

Clearers warmed to the increased lending charges. Mid-land, unsettled of late by divi-dend worries, advanced 7 to 317p, after 318p. Barclays added a couple of pence to 467p, after 470p. The dearer money trend depressed Hire Purchases. First National Finance Corporation relinquished 2½ to 73p, while Baltic Leasing shed 8 at 178p and United Leasing fell 10 to 265p.

TDS Circuits, a manufacturer TDS Circuits, a manufacturer of high technology printed circuit boards, staged a satisfactory debut in the unlisted Securities Market despite the surrounding gloom. The shares, offered for sale at 380p, opened at 400p, but slipped back to 378p prior to closing at 380p.

Persisting fears that the recovery in beer sales will be recovery in beer sales will be cut short by moves towards dearer credit continued to weigh heavily upon leading Breweries. Bass slumped 12 more to 343p despite brokers Phillips and Drew raising their forecast for the current year to £220m. Cider concern H. P. Bulmer were again and in the ways of the unipspired in the ways of the unipspired. sold in the wake of the uninspir-ing full-year results and closed 18 down for a two-day loss of 41 at 142p.

There was no respite for

Buildings again declined in anticipation of a big rise in the mortgage rate today.

Government securities, in complete contrast, put on a relatively steady performance. Long-dated stocks opened lower and tended to fluctuate in line with the futures market before sething with losses of around \( \) on the day. Although the volume of business was at a fairly low level, dealers reported to the appearance of occasional cheap buyers. Closing falls in the shorts ranged to \( \) and Redland gave up \( 4 \) to go and Redland gave up \( 4 \) to go and Redland gave up \( 4 \) to go and a many issues fell and powers. Closing falls in the shorts ranged to \( \) and occasionally more.

Phoenix jump 143

Phoenix jump 143

Following news of the surprises San Alliance agreed bid for Pheenix, Composites were subjected to a hertic speculative trade on hopes of further takeword Holding declined \( 6 \) to a bettic speculative trade on hopes of further takeword trade on hopes of further takeword Holdings which gave ground for the fourth consecutive day. For covered to the overnight level recovered above the close 2 cheaper on balance at 535p. Tarmac lost 6 more to day's lowest of 365p, while RMC

Three worst in places. Bine Circle, the over the ove Buildings which gave ground for the fourth consecutive day. For

#### FINANCIAL TIMES STOCK INDICES

	July 12	July 11	July 10	July 9	July 1	July :	year ago
Government Secs	76,44	76.63	75,47	77,23	77,79	78,02	60.61
Fixed Interest	80,97	61,10	81.55	81,82	82.25	82,40	63,22
Industrial Ord,	771.1	782,0	793.0	811.6	819.3	833,5	688,8
Gold Mines	539,8	532,8	560,1	532,3°	539,8	562,4	655.7
Ord. Div. Yield	5,11	5,04	4.99	4,88	4.84	4.77	4,64
Earnings, Yid.% (full)	11.66	11.71	11,58	11,34	11,24.	11,07	9,19
P:E Ratio (net) (4)	10.12	10.26	10,38	10,50	10.70	10.86	13.54
Total bargains (Est.,	16,835	19,581	17,627	16,520	16,843	15,456	18.640
Equity turnover £m.	_	291.88	208,46	193,70	213,68	182,84	269.18
Equity bargains		15,708	14,302	15,737	12,231	12,764	15,755
Shares traded (ml)	- ,	175,1	113.7	102.7	126,8	103.1	154.9

10 em 775.9. 11 em 772.9. Noon 766 5. 1 pm 759.8. 2 pm 758 8. 3 pm 756 0. Jasis 100 Govt Secs. 8/1/58. Fixed Int. 1928. Industrial 1/7/35. Mines 12/9/55. SE Activity 1974. Latest Index 01-246 8025 \*Nii = 9.68.

Hi	GHS	AND	LOWS	5	S.E. ACT	VITY	
	19	84	Since Co	mpilat n		July	July
- !	High	Low	High	Low	Daily	<del></del> ,-	
Govt. Secs	83.77 (9:1)	76.44	127,4 (8,1/65)		Gift Edged	176,8	153,3
Fixed, Int	87,48 (14:8)	. 80,97 (12/7)	155.4 (26/11/47)	150 03	' Bargains! Value	101,8° 590,0	92.7 421.3
Ind. Ord	922.8 16.5)	770.3	922.8	49.4 (28,5/49)	6-day Average! Gilt Edged Bargains	153.6.	146.0
Gold Mines	711.7 (8/8)	. 520,2	734.7	43.5 (26/10/77)	Equities Bargains	91.7 440.9	89.2 424.B

Down to 536p early on, ICI recovered to the overnight level of 540p before drifting back to close 2 cheaper on balance at 538p.

Stores volatile
Once again, leading Stores led consumer-orientated counters downwards and many leading stores and divided and the many leading stores led counters and divided and the many leading stores led counters and divided and the many leading stores led counters and divided and the many leading stores led counters and divided and the many leading stores led the session's rare bright spots, rising 8 to 175p, after 180p, on the increased full-year profits

closed 12 lower at 250p. Among

Tues Made

terms of the 145p per share cash bid from Xenotron. Still worried about the inrease in interest rates Engineercrease in interest rates Engineerings fell throughout the list. The leaders showed only modest losses with Hawker closing 4 down at 407p and GKN, 2 lower at 157p, after 156p. Babcock gave up 8 at 122p and Matthew Hall declined 11 to 227p, while Matter religiousished 7 to 213p. Martonair relinquished 7 to 213p and Adwest dropped 6 to 116p. Doubled interim profits failed to Doubled intermi Oualcast which cheapened 5 to 724p. Tace, however, rose 7 to 208p on further consideration of the excellent half-year pro≤ts.

off at 1800, after 178p. Elsewhere, Cifer, a dull market of late on poor interim results and staff redundancies, plummeted 13 afresh to 25p. Still plagued

by Hong Kong worries, BSR fell 10 further to 155p, while Occomics were 20 down at 150p following trading news. Com-

land were marked up 5 to match

pletely against the trend.

Many leading Foods hit 1984 loys during the session, but some managed to edge off the bottom cheap buyers appeared when cheap buyers appeared later. Cadbury Schweppes closed a couple of pence off at 118p. having been down to a low for the year of 115p. Tate and Lyle finished 8 down at 327p. after 325p. Northern Foods fell 6 to 166p, while Avana continued to reflect adverse Press comment and shed 10 for a two-day fall of

35 to 415p. Among Retailers, after-hours trading when good J. Sainsbury were on offer and buying interest was reported but gave up 8 to 490p, but Associamost issues ended the day showted Dairles, down to 152p at one stage, picked up to close 2 double figures. Britoil closed 10 cheaper on balance at 156p. off at 217p, after 216p. Ultramar Against the trend in widely lower dropped 9 more to 231p, after a secondary issues. Cultens A year's low of 228p and LASMO a moved up 45 to 210p on revived a like amount to 267p. BF settled 8 cheaper at 430p after 425p.

Rank Org. pleases

Providing some relief to the general depression surrounding miscellaneous industrials leaders. Rank Organisation advanced 6 to 389 before rallying to close only 12 cheaper at 408p. Irish exploration issues encountered substantial selling pressure in morning trading but staged a substantial selling pressure in morning trading but staged

Associated following the latter's erratic periodisance by the Kalufirst-half performance which revealed profits well short of market estimates; marked down mely quiet and the majority of to 430p in immediate reaction. Golds ended the day with modest the shares settled 55 lower on gains on balance.

The Gold Mines index moved integring the state of the shares at 440p. Daily Mail A.

The Gold Mines index moved

those reporting trading statements, Batners eased a couple of pence to 41p despite the annual profits recovery, but Strling Group provided one of the session's rare bright store.

The shares settled 55 lower than the shares at 440p. Daily Mai which also announced into the shares at 440p. Daily Mai which also announced in figures, dipped 55 to 730p.

Strling Group provided one of the shares at 440p. Daily Mai which also announced into the shares at 440p. Daily Mai which also announced in figures, dipped 55 to 730p.

Strling Group provided one of the shares settled 55 lower than the shares

of pence to 41p despite the annual profits recovery, but Stirling Group provided one of the session's rare bright spots, rising 8 to 175p, after 180p, on the increased full-year profits and dividend and the proposed 3-for-2 scrip issue.

A depressed Electrical sector was featured by Thorn EMI which plummeted 43 to 473p on disappointment with the annual profits increase and the announcement that the group are buying the British Technology Group's 76 per cent stake in Inmos, the Government-backed micro-chip maker, for £95m which plummeted 43 to 473p on disappointment with the annual profits increase and the annual profits increase and the annual composition of the British Technology Group's 76 per cent stake in inmos, the Government-backed micro-chip maker, for £95m cash. Other leaders rallied late to close a few pence above the day's lowest levels. Plessey eased only 2 to 200p, after 196p, while GEC ended only the turn off at 180p, after 178p. Else-

Dealings in London and Overseas Freighters were suspended
at 8p; the company is expected to
announce the annual results, and
details of the proposed rights
to 7,925—the highest since the
introduction of contracts in the

DRAPERY & STORES (27)
ELECTRICALS (39)
ENGINEERING (23)
FOODS (13)
HOTELS (3)
HOTELS (3)
HOUST RIALS (84)
LESSING (1)
NEWSPAPERS (1)
PROPERTY (13)
PROPERTY (13)
PROPERTY (13)
SHIPPING (5)
SOUTH AFRICANS (1)
TOSACCSOS (15)
OOLS (14)
OVERSEAS TRADERS (6)
PLANTATIONS (2)
MINES (24)

**EUROPEAN OPTIONS EXCHANGE** 

Oct

63 3,80 82 3,60 44 2,90 15 2 9 8,50 159 1,10

15 0.10 | 44 2.90 | 15 2 | 187 7.20 A 9 8.50 | 159 1.10 | 90 0.20 | 25 4.90 | 72 3.60 | 34 9 | 11 6 | 6 | 11 6 | 6 | 150 | 10 | 6.50 | 10 | 6.50

45 190 10 6.50 — - 190 10 10 171

C=C#ll

80 20 46 6.50 44 2.50 1 0.90

911 3.50

67 1,50 226 8,50

F,45 114 F,45.90 258 F,45.50 100 F,150 178 F,260 57

TOTAL VOLUME IN CONTRACTS 17,564

114 0.70 253 3.60 103 0.90 100 0.10 178 2.50

A=Ask 8≈B4d

AKZO P AMRO G

AMRO P GIST P HEIN C HEIN C HOOG C HOOG P KLM C KLM P NEDL C NEDL P NATIN D

NATN P

Vol. Last Vol. Last Stock

2 0,35 2 9A 13 7 1 3.50 1 6.20 2 8.50

17 13 8 10 1.60 - 6 15 13 4 1

8:

15 6.50 4 16.50 A

150

P=Put

Jan. 4 14 F292 74 22 250 F112 5 5.50 B - - - F176,50 113 8.80 F.79,80 265 4.50 " 91 12,50 " 91 12,50 " - F.54,40

5 5,50 F,158

6 5,30 A F,106 1 ID F.206.70 2 . 5,50 B 

4.50 F.125.50 - F.46,30 10,50 8,50 F.158

550 1,90 F.44.80

DRAPERY & STORES (27)

Worries that increased oil pro-duction by Nigeria could exert downward pressure on North Sea oil prices prompted substantial losses throughout leading oils. These were partly recouped in to 415p. Among Retailers, after-hours trading when good

8 cheaper at 430p after 425p. Secondary stocks posted wide-spread losses. Petranol weakened

the company yesterday. to persistent small buying from Proceedings in Newspapers, the Continent and Johannesburg having mainly centred on Fleet although interest from the latter Holdings of late, switched to was much reduced by another Associated following the latter's erratic performance by the Rand

balance at 440p. Daily Mail A. The Gold Mines index moves which also announced interim up 7.0 to 539.8. Renewed and substantial weak-

on Wall Street overnight.

details of the proposed rights issue today.

Imperial Group proved one of the day's most lively stocks, falling to 134p at one stege before closing 10 off on balance at 139p following dissatisfaction with interim profits some £8m below most expectations.

to 7,925—the highest since the introduction of contracts in the FTSE 100 last May. Once again, considerable activity was noted for Imperial Group positions in the wake of the interim statement with 667 calls and 1,150 puts transacted, 531 of the latter done in the August 140's.

EQUITIES

RECENT ISSUES

	lastre price	Amount paid up	Punc.	19	84	i · Stock	Closing	i ,+ or	Diet Vert	Times	Grees Ylen	# §
ا		¥8-	20	High	Low	l 	ō¯ 			Fģ	<b>⊙≻</b>	
	\$180 270 \$30 41 \$185 95 \$67 \$25 \$493 \$120 \$100 \$100 \$100 \$15 \$15 \$15 \$15 \$15 \$15 \$15 \$15	F.P. 1 F.P. 1 F.P. 1 F.P. 1 F.P. 1 F.P. 1 F.P. 1 F.P. 1 F.P. 1 F.P. 2 F.P. 2 F.P. 2 F.P. 2 F.P. 2 F.P. 2	8 0788 0238 8798777778 9 - 96	722 230 275 93 351 25 36 120 124 155 109 185 102 48 153 2121 <sub>2</sub> 2121 <sub>2</sub> 2121 <sub>2</sub> 2121 <sub>2</sub> 2121 <sub>2</sub> 2121 <sub>2</sub>	162 120 182 85 25 95 105 9 368 937 120 170 40 40 412 412 53	i.oweHo'ard Spink liby Mayfair & City Prop MurrayVonturesWrrts Northamber Sp PLM AB A Sk 25 Do. B Sk 25. Pacific Sales 10p. SPetrogan Pet, Inc.	165 155 162 165 165 165 175 175 175 175 175 175 175 175 175 17	-5 -5 -1 -1 -5 -2 -5 -2 +13 +14 -2	6.5 bg1.0 b7.0 2.5 u3.25 u3.25 u3.25 bg3.5 bg3.6	- 1945 - 1329 - 168 - 285 - 168 - 285 - 28	- 6.77 - 5.74 - 4.0 1.6 1.77 - 3.0 4.5	- 6.8 17.2 - 7.9 14.7 - 12.2 14.0 - 12.2 14.0 14.0 15.0 16.0 17.0 17.0 18.0 18.0 18.0 18.0 18.0 18.0 18.0 18
	:65 :130 :110 :110 :580 :145	F.P. 1	5.77 95.78 95.78 95.78 95.78 95.78 95.78	238 66 140 122 170 400 220 155	24 24 206 60 115 112 128 378 205	#Petrolex 5p "#Pic" d'ly Rad. N V.5p "#Pic" Entertain. 10p Reuters 'B' 10p #Spectrum 5p. #Stat. Plus 5p. #StatelBurrillJones10p	69 24 11 222 60 135 113 153 380 215	-1 -4 	61,88 690.4 62.5 42.28 62.0 41.8 64.9 44.9 61.0 6904.6	2.0 4.1 3.5 3.5 2.4 3.5	1.6 54.1 4.6 1.8 0.7	13.9 17.9 12.0 19.2 17.5 13.7 21.1

#### **FIXED INTEREST STOCKS**

lesue price !	Amount paid up	Renunc. date	194 Kigh		Stock	Closing price s	+2
97.780 198.152 	Nil 025 025 025 025 025 025 025 025 025 025	22.11 13/7 24:10,	99121 2411 2511 10014 10	196 196 204 22 95 × 99 278 11: 95: 91 106 206;		1pm 1994 2999-84 1999-84 1999-84 1999-86 1999-86	

#### "RIGHTS" OFFERS

issuc price		Latest Renunc.	· ·	164	Stock	Closing	+0
	. ~-		High	Low		5 ₽	
\$7,5 80 410 235	F.P.	-	50pn 542 97 455	360 90 415	Australia & N.Z. BankingA\$1 Broken Hill PropA\$2 Garming (W.) Cater Allen £1		2 1 5
	F.P. F.P.	178 29.6	. 38pn 23 217 22pn	201 <u>-</u> 184	Hyman (1 & 3) Sp	21	_5
83 ' \$0,65 25	' Nil	27,6	12ph 26ph 33ph	n 4pm n 8pm	Moss (Robert: 10p, North Kalguril	4pm 8pm	-1
AS4 250 335 45	F.P. Nil Nil	9:8 13:8 24:8	248pn 340 57pn	n 122pm . 515 n 40pm	Santos A0.25c	224pm 315 40pm	-4 -10 -15
75	1411	47/0	: 10pn	п зри	Uniflex 10p	4am	-1

Renuaciation date essetly lest day for dealing free of stamp duty. b Figures based on prospecture estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full captal. g Assumed dividend and ylaid. s Forceast dividend cover based on previous year's earnings. C Canadian F Dividend and ylaid based on prospectus or other official estimates for 1934. H Dividend and ylaid based on prospectus or other official estimates for 1932-34. Q Gross. p Fence unless otherwise indicated. I issued by tender. § Officra to holders of ordinary shares as a "rights." \*\* Issued by way of capitalisation. § Reintroduced. "I issued in connection with reorganisation energy or takeover. S Allotment letters (or fully-paid). Ill introduction. § Unitsted Securities Market. § Placing price. († Official London Listing. § No per value.

#### FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Thur July 12 1984

	& SUB-S	FCTI	ONS		1	) wat	July	, 12	2 198	4	地	10	Jely 9	July 6	(tableus)
FI	gures la parenth		e eurobei		dex Vo.	Day's Change %	1 Ear	st. nings id%	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Met)	Index No.	Index No.	Index No.	index No.	Index No.
1	CAPITAL COO				0.90 2.18	-1.7 -2.6		1.95	4.26	1725					
2	Building Materia Contracting, Co.				534	-25 -19		쑀	5.90 6.25	7.95 7.63					421.29 721.08
4	Electricals (14)			142	9.54	-2.6	9	.59	5.21	12.70	1467.98	1508.6	3 1516.07	1526.43	1785.50
5	Electronics (31)		/4.9h		9.26 9.85	-1.3 -2.1		112 21	2.53	14.04 10.03		1656.6		1712.80	
6 8	Mechanical Eng Metals and Meta	d Formis	g (9)	_ 16	2.97	-25		58	5.24 7.75	10.03	234.86				
9	Motors (1.7)		-		5.27	-1.6		.12	5.29	_	117.09	121.0	123.07	125.11	107.01
30 21	Other Industrial CONSUMER &				2.55 4.27	-0.7 -1.6		.92 .88	4.14	15.67 10.44	596.56 471.98				
- 22	Brewers and Dis	tillers (2	3)	48		-13		33	5.28	9.22	495.85				
25	Food Manufacto	ring (22)	**************	35	6.25	-1.7		.71	6.13	7.84	362.45				
25 27	Food Retailing ( Health and House				6.32 9.68	-1.4 -0.2		.98 44	2.93 3.14	16.43 18.61		1112.2 779.1		1123.68 796.95	
29	Lebure (23)			543	3.61	-35	10		5.45	12.39	563.27	572.00			
32	Newspapers, Pu	blishing (	13)	122	7.38	-4.8		<u>56  </u>	4.45	14.63	1277.87			1323.53	
33 34	Packaging and P Stores (46)	abe: (12	·	_   22	1.87	-15 -19	법	.53 62	5.29 4.50	8.34 12.63	395.78	222.09 405.03		228.63 422.18	
35	Textiles (19)			244	1.68	-18	15.	.01	5.47	7.72	249.24	253.76	257.A5	261.24	206.11
36 39	Tobaccas (3)			59:	3.75 9.65	-11 -12	肾		6.08 5.14	6.10	600.58 424.78				
27	Other Consumer OTHER GROUP	S (87)		40		-11	18.		4.79	11.55	413.19				
42	Chemicals (17)			<b>S4</b> 6	53	-0.6	13.		5.43	9.10	549.57				
44	Office Equipmen Shipping and Tra	t (4)	4)	121 763	L75	+2.2		86 94	5.93 5.72	16.78 15.43	119.18 780.19				
46	Miscellaneous (5	i2)		565		-1.6		22	4.86	13.15	574.79				493.17
49	PROUSTRIAL C	ROUP(4	3)	456		-1.6	n.		4.60	10.93	463.62	472.LA		486.11	429.97
51	Øils (17)					<u>-18</u>	14	_	6.83	8.34	1006.58		1021.18		942.99
59	500 SHARE INC					-1.6 -0.2	111	96	4.98 5.94	30.39	509.17 361.50	517.99 365.04			472.93 323.94
62	FINANCIAL GR Burks (6)	ONS (12	W)	360 353			3	76	2.74	4.56	351.67		352.67	353.91	323.94 358.06
63	Discount Houses	(6)	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	387		-0.8	-	- 1	7.98	_	390.80			413.93	285.58
65 66	Insurance (Life) Insurance (Comp	(9)		470   273		+0.1 +1.7	1 =	: 1	5.66	_	479.45 268.96	473.91 272.65		477.99 281.19	430.09 210.83
67	Insurance (Broke	usice) (7: 45) (6) _		764		-18	9.	n	4.40	14.42	778.94			201.17	546.50
68	iasurance (Broke Merchant Banks	(12)		187		-11	[ -	1	5.45		189.30	196.19		202.82	187.28
70	Property (53) Other Financial (			546 227		-15 -10	5.1 12.1		3.90 6.09	23.08 9.62	555.08 229.26	559.37 234.61		579.75 238.05	461.41 245.54
ᄁ	Investment Trust					-14	<del>                                     </del>		3.96		468.33	476.33	475.70	477.19	431.23
81	Maiog Fleance (	4)	, <del>,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,</del>	254	اوت	-0.4	11.		5.90	13.54	255.07	259.89	258.19	259.89	284.70
	Overseas Traders			485		<u>-24</u>	10.	94	7.87	11.83	497.31	511.43		518.00	447.67
99	ALL-SHARE IN	PEX (742	)	464		-13		-	5.13		47120	4/8,63	485.07	490.39	436-29
- 1				l Indi		Day's Change	Day		Day's	i				1	
	FT-SE 100 SHAN	e inne					999	_	978.7		1001 7	7014.4	1033.5	1042.2	0.0
<u> </u>	C 1/25 100 3010	KE MIGE					. ,,,	<del></del>	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		Todat !				
	FD	KED I	INTE	REST	Γ				AVERA REDE)	GE GRO	SS YIELDS		Their July 12	Wed July 11	Year ago (appros.)
		-		-			adj.		Britis	COVER	ment	$\neg$			
	MICE MOICES	Ther July	Day's change	Wed July	12d :		984	1			Aces."		1163	11.59	9.93
•		July 12	%	ï	"		date	3		5 15 24	years		11.48 10.88	21.45 10.87	18.39 10.84
1	idish Concument	-			1	_		4			) <b>75312</b>		12.78	12.71	11.54
	years	113.65	-0.21	113.77	l _	. 1	5.94	5	Couper	s 15	years		12.02	11.99	11.16
	-15 years	121.15		121.38	_		7.32	6		25	years		11.36	11.35	10.54
- 1-	ver 15 years	126.51		126.66	ı		833	7 8		5 K 74	years		12.77 12.14	12.68 12.12	11.67 11.35
- 1 -	medeemables				–	1	7.27	9			14512		11.33	1133	10.71
- 1		137.11		137.11	–			20	Inedec				10.75	10.75	9.95
_5[A	il stocks	121.01	-0.24	121.18	<u>                                     </u>		7.04	11	Debs &		5 years.		12.83	12.83	12.44
6 0	elestores & Loma	100.74	-0.26	107.01	۱ _		552	12	Leans		li years		13.04	13.50	12.28
					$\vdash$	-+-		13	D-4		25 years.	_	13.10	13.05	12.19
71	reference	74.28	-440	74.73			3.42		Prefer			j;	13.33	13.24	12.20
				BRITISI	1 EQ1	VERNM	ENT			ED STO	EKS				
8 A	li stocks	98.81	+0.32	98.49	-	1	L36	15 16	Inflation	rate	5% 10%		3.97 3.78	3.99 3.81	3,32 3,15

tFlat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, ECAP 48Y, price 15p, by post 28p

#### YESTERDAY LOWS FOR 1984 NEW HIGHS (7) Ctirling Group FOODS (1) Cullens Stores A INDUSTRIALS (

11 59 Cullens Stores A
INDUSTRIALS (1)
Jacksons Bourne End
INSURANCE (1)
Phoenix Assurance
PROPERTY (1) Camellia Invs Antology NEW LOWS (426) 180 1,382 1,123 BRITISH FUNDS (31) INT BANK & O'SEAS GOVT STLY ISS (1) CORPORATION LOANS (6) LOANS (3)

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Closing Day's pince change of the following stocks yesterday.

Closing Day's pince change of the following stocks yesterday.

Stock Associated Newspapers
Bryson Oil and Gas...
Burton
Eginion Oil and Gas...
Fleet Holdings
Hanson Trust
Hastemere Estates Hasiemere Estates
Petranol
Phoenix Assurance
Prudential
Thorn EMI
Woolworth

Fails Same WEDNESDAY'S **ACTIVE STOCKS** 58 782 587 23 320 178 5 54 81 — 5 15 43 43 39 26 123 110 WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List. No. of Wed. Day's Stock changes close Hanson Trust. . 19 203 Phoenix Assce. 19 BTR ..... Borclays Bank . 13

Fleet Holdings 10 ICI ..... 10

+18 Commel, Union 13 208 275 Cbi. & Wireless 12 - 13 Tarmac ...... 12 418 -- 10 BP ..... 11 Espley Trust ... 11 + 3\_ Glaxo ....., 11 853 NatWest Bank . 11 600 + 7 --18\_ 885 Unileyer ...... 11

**OPTIONS** First Last

Deal- Deal- Declara- Settleings ings July 9 July 20 Oct 11 Oct 22 July 23 Aug 3 Oct 25 Nov 5 Aug 6 Aug 17 Nov 8 Nov 19 For rate indications see end of

Share Information Service. Call options were arranged in Barratt Developments, Cosalt, Eglington Oil and Gas, GEC. Acorn Computer, Jardine Malle-son, Polly Peck, Ramar Textiles, Atlantic Resources, Premier Oil, Aran Energy, Associated British Ports, Bryson, Bula, Espley Trust, Fleet Holdings, First National Finance, Relignt Motor and Turner and Newall. No puts or doubles were reported.

#### LONDON TRADED OPTIONS

540

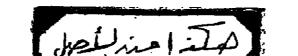
н			C	ALLS		_	PUT\$				ı—.					<u> </u>
I	Option		July	Oct	Jan.	July	Oct.	Jan.	Option	1	Aug.	Nov.	Feb.	Aug.	Nov.	Feb.
	B,P. (*433)	420 460 500 550	17 4 11 <sub>2</sub> 11 <sub>2</sub>	35 20 9 5	45 27 17 9	35 70 120	14 45 82 125	18 52 90 138	LASMO (*273)	260 280 300 550 360	28 17 10 4 2	40 28 22 15	50 58 28 15	8 18 33 58 88	13 23 37 62 92	20 30 47 67
	Cons Gold (*482)	460 500 550 600 650	27 6 14 1	47 28 14 6	55 40 25 16 8	7 25 75 185 175	16 45 82 130 180	24 50 85 130 180	Lonrho (*131;	120 130 140 160	15 8 31 <sub>2</sub> 1	18 15 71 <sub>2</sub> 31 <sub>2</sub>	24 17 11 512	11 <sub>2</sub> 5 11 31	3 16 33	41; 91; 18 34
	Courtaulds (*111)	110 120 130 140	5 2 1 01 <sub>2</sub>	12 7 4 21 <sub>2</sub>	16 11 7 41 <sub>2</sub>	4 10 19 29	9 15 22 30	11 16 24 34	(*283)	280 500 330	14 6 2	21 15 5	28 19 9	20 49	14 26 52	16 29 54
II	<u> </u>	160	012	l i"	212		49	51	Racal (*212)	200 220 240	19 7 2	28 16 6	34 24 12	14 30	20 32	12 22 34
	Com. Union (*214)	160 180 200 220 240	77 57 32 16 2	68 43 37 19	47 34 21	012 012 3 11 27	3 5 10 18 34	7 18 26	R.T.Z. (*527)	550 600 650 700	20 7 2 112	50 15 9 3	42 20 12	50 77 127 177	50 62 130 180	55 85 150 —
	G.E.C. (*180)	160 180 200 220	24 7 2 01 <sub>2</sub>	30 16 8 4	36 22 11 —	1 22 42	5 11 24 42	6 16 26	Vaal Reefs (*\$102)	100 110 120 130 140	712 334 2 1 01c	121: 91: 5 21: 1	1512 10 7 31,	1112 1912 29 39	1312 2112 301 40	101: 161: 231: 311: 41
1	Grand Met. (*302)	250 275	54 29	5ç 18	=	015	5	=	<u> </u>			CALLS			PUTS	
l		300 330 360	10 11 1	18 5 8	24 12 5	50 60	14 58 66	20 46 72	Option		Sep.	Dec.	Mar.	Sep.	Dec.	Mar.
	i.C.l. (*540)	500 550 600 650	44 7 112 010	52 24 8 3	60 28 14 6	3 15 62 114	9 32 68 116	16 36 74 118	Beecham (*290)	260 500 330 360	22 10 5 2	30 22 9	37 30 12	6 17 45 75	12 24 50 78	14 26 52
	Land Sec. (*278)	214 236 240 257	57 35 31 17	37	Ξ	014 019 2	- - 5		Bass (*345)	300 330 360 390	58 28 14 6	38 22 9	27 15	112 8 28 52	11 35 65	 42 62
		260 280 300	14 3 11 <sub>2</sub>	21 10 4	28 16 9	14 32	9 19 35	15 25 38	De Beers (*S6,00)	600 650 700 750	40 20 15 8	65 42 27 18	82 57	30 67 113 160	45 73 116 162	53 78
I	Marks & Sp. (*202)	200 220 240	212	17 8 3	22 14 7	19 38	12 21 39	16 25 41		800 850	3 2	10	=	210 260	210 260	=
	Shell Trans	260 280	112 1 <sub>18</sub>	112	4	58 78	58 78	59	Guest Keen (*157,	160 180 200 220	11 4 1	15 6 3	20 10 -	11 25 44 64	29 46 66	16 31
	(*608)	600 650 700	20 4 2	32 13 8	42 23 13	45 95	18 55 100	26 60 102	Hanson (*190)	180 187 200	27 23 12	32 18	- 24	4 7 14	9 19	
I			, c	ALLS		, <del>.</del>	STU			220 240	5	4	12	26 44	30 45	83 —
	Option Barclays	430	Aug.	Nov.	Feb.	Aug. 5	Nov.	Feb.	Tesco (*156)	160 180 200	11 21 <sub>2</sub> 11 <sub>5</sub>	16 5 21 <sub>2</sub>	2D 9	9 25 45	11 26 45	13 28
	(*457)	460 500 550 600	27 11 2 1	37 18 6	45 27 —	17 47 90 140	25 55 92 —	35 57 —	FT-SE index (*990)	1025 1060 1075 1100 1125	16 9 5 2 11 <sub>2</sub>	52 25 15 10 6	47 58 27	52 75 95 115 137	68 90 110 150 155	90 110 120
	imperi Gp. (*137,	150 140 160 180	12 7 11 <sub>2</sub> 1	15 6 11 <sub>2</sub>	14 7 21 <sub>2</sub>	212 7 24 44	11 20 48	13 50 49	July 12, Tota	11501 Contr	1 1	,925, C	ا] كالم	162 518, P	180	107.

2 Day Management Training Programmes

### FT LONDON SHARE INFORMATION SERVICE

HOTELS---Continued

-Time Manager					236 [272 Sanoy "A" 109
Stress Manager  ime manager	AMERICANS 1964 Price + or. Bit 178	BEERS, WINES—Cont.	DRAPERY & STORES—Cont.  1984   Yadi	ENGINEERING—Continued  1984   Stock   Price   West   Stock   Price   Continued   Price	INDUSTRIALS (Miscel.)
time manager international of international of the state	High Low   Stack	234   202   1/3us	39   23   moltar Gro 50	ag   24   Braham Mill   10p   39   1.1   \$\infty\$ 4.0 \$\infty\$ 118   Braham Mill   10p   118     9.1 \$\infty\$ 11.0 \$\infty\$ 100   45   -3   \$\infty\$ 12.0 \$\infty\$ 1.0 \$\	130   100   AAH   100   -1   15 e2 2 4   8.0   7.2
BRITISH FUNDS  1984   Price   or Yield   the last   brit.   Red.	9459   13059   1306115   50   125   147	BUILDING INDUSTRY, TIMBER AND ROADS	96 170 upms Errest 10s 72st - 2 d1.4 0.81 7.7 (4.1) 461s 36 Avent Ohni 50 36 10st 121 2 1 4 9 1 1 2 54 18 121 7 765 20s 38 1 2 1 0 5 9 4 545 5 54 18 121 7 765 20s 108 1 108 5 1 4 9 4 3	17 14 Brown Eng. 109 19 4.9 26 8 Isrophe Tool 19 4.9 127 87 Brown & Taresc 120x1-2 4.8 \$ 5.7 \$	84 69 Advance Services 100 79 -1 3.8 1 B 6.9 11.8
"Shorts" (Lives up to Five Years)	211g   1514Amix(      1644    5144    66   230   161glandieth.     200	I	185   185	83 46 Burgers Prod. 76 15.9.7 12.80(2) 30 10 Butterfield Hy 14 39 16 Camford Eng. 23 -1 0.55 71 22 6.8 550 27 WCamsed Inc. 27 146 100 Carcherght P. 100 108 5.75 2.4 7 6 7.1 177 40 Carcherght P. 100 108 5.75 2.4 7 6 7.1	291   195   IA.C.I.   240
954 934 1763 30 1985 9954 1 11 54 11 91 94 94 94 94 11 11 11 11 11 11 11 11 11 11 11 11 11	I TONE THE MALE HIGH TO BE MALE AND A STATE OF THE LONG	120   90   Attended:   93     10,233   20   3 6 (20 2 2 3)	140 120 Milets (et 279 120 11 120 120 120 120 120 120 120 120	72 58 (Clarton Son 50p 60 3.0 - 7.1 - 670   430   620   440   -10   9.8   4   1.2   4	32 15 large Br. Ltm. 12 m 10.65 6.1 5.2 3.3
1020 90-1 Treas. 10pcCm 1986 . 96 5 - 10 10 36 12 35 90 10 36 12 35 10 36 12 35 10 36 12 3	3614 2615 (and pull at Tractori). 28% = 5   \$1.50 =   41   36	72   60   Senford M   100   .       60     -3     3.751   2.89   13.6     63   15   Bett Brus 200   .	143 7.1 Precedy (Aircell	62 38 Coverification 51 13 31 1.3 9.3 810 6: 62 38 Coverification 54 101 5 3.6 4.0 7.6	80 60 \$4Assor, Energy 3p., 63 -2 b1.01.9 \$1.23 12.9  382 292 \$4800 Read Services
871 85 Each 19 10 10 10 10 10 10 10 10 10 10 10 10 10	1   1   1   1   1   2   1   1   1   1	155   00   CB & EA 146     11 75 52 1 8 154	1134 87 Peed Austin 2 % V 87 -3   h2 0 0 4.9 12.2	235 Clas Currente 78 94 C180	40 27 BBA Group
85 91 \$\frac{1}{2}\$\text{Treks. 19c 1967} \qquad \qquad \qquad \qquad \qquad \qquad \qquad \qquad \qqqq \qqqqq \qqqq \qqqqq \qqqq \qqqq \qqqq \qqqq \qqqqq \qqqqq \qqqqq \qqqqq \qqqq \qqqqq \qqqqq \qqqqqq	186	55 51 C. Robey 4 10p 53	50   34   Stanley & G   50   43     15   \$0   5.0   \$0   \$2.0   \$1.0   \$2.0   \$1.5	11812   5112 Descutter	330 265 Baird (Wm.) £1
995 994 Treas 1990 Cm. 99 975 4 100 1 277 190 1 278 1 200 1 277 995 85 91 reas 190 Cm. 99 95 9 92 Treas 10 20 1 199 95 9 92 1 1 40 1 2 69	45½ 25½(2mm² 51 45½mm² 451 45½mm² 4951 0m - 184 31½ 24½(4mm² 51 51 51 40 184 17½ 136; 15 in Corpa Arec 565 7000 i - 123 h 346 1 13 13½(15) 15 in Corpa Arec 565 15½(15) 5 1 32 19 18 31 24½(16) 16 16 16 16 16 16 16 16 16 16 16 16 16	240 183 Fournessee 188 - 10 12 of 4 o 3 5 o 5 83 o 5 Crouch 10 12 to 72 - 3 5.05 o 10 0 0 o 9 5 o 5 Crouch 10 12 to 72 - 3 5.05 o 10 0 0 o 9 5 o 7 13 12 3 0 0 o 7 5 Crough 20 to 175 - 143 171 172 12 **Sustant Grp. 50	190 92 Samine 205 87 3 1.0 435 2.4 1.8 132 4 1.8 132	150   177   Farmer (S.W.)	345 285 Bercham 290 10.2 1.8 5.0 U.S.
Five to Fifteen Years  100   891   521   102   1	33   234   Fard Morer \$2   28   -1	120   100   Feb. traf   100   103     42 oct 3.1   37   126     115   64   1 Do. A   100   98     42.64   3.1   37   126     40   Feb. and Hagnet 56   40     92.45   28   87   49     104   Fem. and Hagnet 50   114     7.0   6   5.1   6     126     126     127     128	147   100   Steinberg 100	55   40   Karton Eng. 100   44   2   2   2   1   1   1   1   1   1   1	320   245   Bespek 10p
98[3] 9054[ress 10xc(v] 990] 9254-54 [11.32] 12.75 844 7554[ress 113] 12.01 [27] 845 7554[ress 113] 12.01 [27] 846 7554[ress 12] 12.01 [27] 1054 944[ress 12] 107] 1074 [11.31] 12.01 1125 1004[ress 12] 107 [92] 1004 [1.32] 11.34 [1.32] 12.01 1125 11054[ress 10x 1992] 1004 [1.32] 11.34 [1.32] 12.01 1125 11254 [1.32] 12.01 [1.32] 12.01 1125 1125 11.34 [1.32] 12.01	10   11   12   12   12   12   12   12	69   46   Gloscop   48x0 - 2   5 00 0 7 (15 172) 7.   122   96   HAT Group 10p	555 366 is 8 Electronic 400 -15 bs.0 3.1 31 183 158 75 is 56 5x Electronic 75 -3 that to 5.2 1.9 10.8		79 60 Black Aeron 50p. 73 . 73.0 2.1 5.9 11.6 138 295 Black IP Hidgs 295 5 -5 12.62 5.3 1.3 17.5 167 121 Blandell-Perm. 164 . 7.0 2.0 6.1 11.7 80 54 Blackcote ter . 60 -2 3.5 2.2 8.3 7.0 24 1.6 Blood Pet. 1/4 10c. 21
1172   1074   1240   1240   1273   13 03   12.53   13 174   13 1	394g   29   Ingertal   24   25   26   26   26   26   26   26   26	(123 http://doi.ortin.03-08 £109 [-2]2 £10° = 1/2 2' = 161 [118 Herwood Wins 118 [-3] 553,31 67 550 [-322 234 Higgs & Hill 234 [-6] 11 0136 [-7]55	130   250	54 35 Jones & Shipman 37 -1 3.0 - 3.7 -1 1.0 - 3.7 -	120   125   1308 (16979) 1309   225   23   13   13   13   13   13   13   13
941-84 [fress 9pc 19445]	204g   172/Manut Mancari 370   1824   14   53   64   13   25   164/Manut Mancari 11   17   17   800   300	222   162   Interest Johnson   182   -2   55   25   43   12.1   305   335   3365   3375   3	26   13   Errenile Europe 10p   13   - 1   \$44 9 0.6   \$ K3.6)	52   30   Linguist   30   -1   1.25   0   6.2   0   1.25   0   1	41 26 Bridgerd Proc. 100. 29 -1
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92 814 Do 24ser 20 (137.3) 817445 1.3.48 3.62 Prospective real recemption rate on projected inflation of 111.10° a.m. (23.5°s. 10) Figures in parentheses than PPI base month for indexing, 8 months prior to issue. RPI for Oct. 1983, 340.7 and for May, 1984 351.0	d 750 1550 1971 10070	121 60 Whatlings	105 57 P-LPA industs	361-27   Weir Group	206 1174 Eastern Prod. 50p. 184 -1 6.5 5.6 5.0 3.7 65 40 #Ecobric Hidgs. £1. 43
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AFRICAN LOANS  ### 741/Na Tippe 1950-07   751/mf +1   9 0 0 11 10 0 0 0 11 10 0 0 0 11 10 0 0 0 11 10 0 0 0 11 10 0 0 0 11 10 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	[ [ [ [ [ [ [ [ [ [ [ [ [ [ [ [ [ [ [	2 16 200 Parison Win, 10p. 216 . 7.5 • 3.3 • 1.9 140 123 Resistant 10p. 124 -1 1.85 30 21 21 1.5 30 307 Scar As Ind L. 1320 -12 1.85 3 2 1.83 82 1.83	45 26 Quest Auto 10p 36 -4 B 31.7 242 192 Racal Electronics 220ml 2.89q4.7 20 14.3	29   17   England     E   5p .   19   -1	158   128   Hasoner Int Holgs 109   138   +2   2.0   3.2   2.2   20   1   24   2   2   2   2   2   2   2   2
65   \$21d for all of 87-92 Avita   63   7-32   11-33   375   308   Combabble Aun (Cloopal)   325   +3   -2   15.73	<ul> <li>[5] Ding (then the commission of th</li></ul>	DRAPERY AND STORES	118 bd (Rottle 10b	170 143 Greegs 200 143 -2 u3.4 2 7 3.2 13.1 780   515   Hazlewood 200 685 -15 11.5 \$\phi\$ 2.4 \$\phi\$ 280   208   Hillards 10p 208 1.2 44.0 3.9 1.7 1.5 305 8.0 3.0 13.7 9.7 1	104 94 Harris (Ph.) 20p 98 -3 7.25 0 9.8 0 50 50 50 50 50 50 50 50 50 50 50 50 5
Building Societies  20012 9912 N word 10 5 = 10 7.50 1 100 m + 1 12 6 12 9 10 1 10 10 10 11 10 12 9 10 10 10 10 10 10 10 10 10 10 10 10 10	9   For Truck Dy. Sarvice Project Micros 1   750   Sarvice Sarvice 1   <b>635   −</b> 5   1410   − 175   -	41   24   Lilliphore 100     39   -1   1.0   3.2   3.7   9   1   2   6   6   6   6   6   6   6   6   6	154 90 Suter 5p	437 314 Los (Wm.) 200 398 -5   18.6 3.7 3.1 9.8 196 158 Watthers (8) 183 -2   65 4.6 5.1 4.6 285 1220 Marriagts 245 -5 bit 51.6 6.1 12.5	73   56   Hay (Norman) 10p   78     3.57   2.3   73   8.4     105   125   148 yers   128   -7   110   15   12.3   6.8     105   74   Hentra 10p   79   =1   10.2   12.3   2.9   5.1   9.1
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Financial Times Priday July 13 1984

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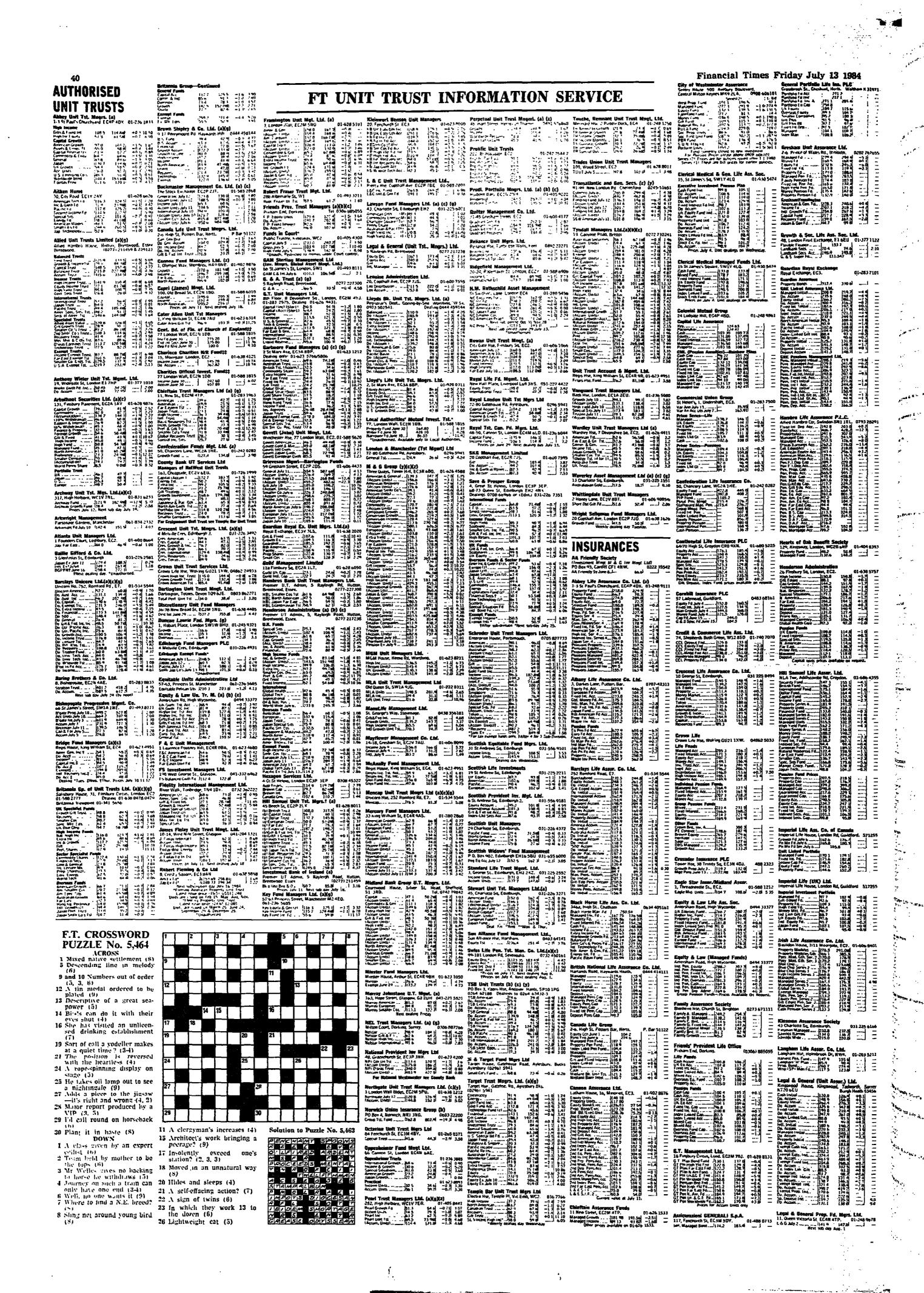
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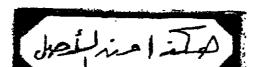
\*\*PROPERTY—Conti Financial Times Friday July 13 1984 INDUSTRIALS—Continued LEISURE—Continued PROPERTY—Continued INVESTMENT TRUSTS—Cont. OIL AND GAS—Continued Price - Net Cres Bris Ste Wigh Law Stack a fully integrated banking service Price + ad Sie | Yad NOTES Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated prices and childrends are in pence and denominations are 25p. Estimated propersionings rathes and covers are based on latest annual reports and accounts and, where possible, are undested on history early figures. Price are Calculated on "incredible, are undested on the prices of the prices REGIONAL & IRISH STOCKS

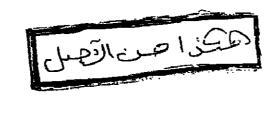
The tollowing is a selection of Regional and Irish stricks, the latter being quoted in Irish currency.

Allbarry Inv 20p. ... 78 -2 Allbarry Gas. ... 65 OPTIONS - 3-month call rates "Recent Issues" and "Rights" Page 37

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per amount for each security.







Financial Times Friday July 13 1984	·	41 Stronghold Management Limited
Likerty Life Assurance Co Ltd State Rich Research Rich Research Rich Rich Rich Rich Rich Rich Rich Ri	INSURANCE, OVERSEAS & MONEY FUNDS	140 B way NY 10015 USA 212-440 1000 P.O Bay 315, St. Helter, Jersey. 0534-71460 Querry Har, Don Pd. St. Helter 0534-71460 Commoday Treat
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### Pechiney to cut aluminium Brazil may capacity in Europe

PECHINEY, the leading French 670,00 tonnes a year at the end closed £11 higher at £1,027.75 a and the world's third-largest aluminium producer after about 900,00 tonnes a year at Alcan and Alca, is to cut its that point. aluminium capacity in Europe by 70,000 tonnes a year.

The cut is in response to the recent fall in demand for alu-minium and the subsequent sharp decline in spot market auminium prices. The decision follows similar production—cut moves by large international aluminium producers including aloca and Kaiser.

Pechiney, which since nationalization

alisation has undergone major corporate surgery and increas-ingly been on the road to financial recovery, said yesterday the 70,000-tonnes annual cut would involve production facilities in France, The Netherlands and

The company would not dis-

nationalised aluminium group of last December. The group's tonne.

and the world's third-largest world-wide production totalled Lead increased, too, after an

Our Commodities Editor writes: Pechiney's announce-ment helped boost aluminium prices on the London Metal Exchange yesterday. The three months quotation gained £15.5 to £904.25 a tonne, also encouraged by the firmer trend in copper and gold.

Traders noted that Pechiney's move is likely to be followed by other European producers, notably in West Germany, as part of a concerted effort to halt the recent rise in world stocks which has resulted in a steep fall in prices in recent

Copper prices also advanced close at this stage the specific curs in the separate countries.

Copper prices as that Chile that been buying supplies, procuts in the separate countries.

Pechiney's European aluminium production totalled The three months quotation

announcement by Minero Peru declaring force majeure on shipments of refined lead due to a strike by workers at the La

A. M. & S. Europe, the only UK zinc smelter, confirmed it was cutting its list producer price by \$50 to \$990 a tonne in line with other European smelters. • A recovery in the aluminium price this year is forecast in a mid-year review of metal markets, issued yesterday by the London Metals Research Unit

of Shearson-American Express. The review notes there has been only a marginal rise in stocks, which will be reversed by the production cuts and in-creased demand in the last quarter of the year.

Prices of other base metals are also expected to increase the end of this year, after U.S. presidential electoin.

#### Cocoa demand accelerates values drop

BY JOHN EDWARDS, COMMODITIES EDITOR

DEMAND FOR cocoa is cases the rise was bigger than increasing faster than expected in Britzin and West Germany, it was reported yesterday. In the UK cocoa grindings, a measure of consumption, jumped by 20.5 per cent in the property of the cocoa grindings are selected though it is thought ings merely reflects a reduction of bean-processing in West measure of consumption, for the futures proceed greater according to market was fairly limited. The measure of consumption, jumped by 20.5 per cent in the second quarter, according to figure issued by the Cocoa, Chocolate and Confectionery Alliance.

Grindings in April-June rose to 21.84 tonnes, from 18.144 tonnes in the corresponding period last year.

Africa.

Reaction on the futures market was fairly limited. The September position closed only from the futures market process had been due to fall in London following the decline in New York overnight.

In West Germany, cocoa national Cocoa Organisation grindings in the second quarter that consumption would exceed rose to 48,570 tonnes, 18.4 per new production by 162,000 tonnes in the 1983-84 season last very Traders said that in both

### World sugar

By John Edwards WORLD SUGAR values dropped sharply yesterday, wiping our gains made earlier in the week The London daily price for raw sugar was cut by \$7 to \$123 a tonne (the sterling equivalent fell by £5 to £94) and on the futures market there were similar reductions. The October

\$135.3. The decline started in New York overnight, with specu-lators apparently upset by the The estimate by the Interweak trend in precious metals and the lack of follow-through new production by 162,000 tonnes in the 1983-84 season was viewed as another steadybuying after the recent advance. Sentiment was also undermired by reports that Brazil had resumed selling

position closed \$6.6 lower at

### lift farm trade curbs

THE Brazilian Ministries of Planning, Finance and Agriculture agreed to propose the lifting of restrictions on the import and export of agricultural products from next year, the Agriculture Ministry said.

It said final decision on the proposal rested with the National Monetary Council but it did not know when the council would meet to discuss the issue.

 GUYANA'S state - owned bauxite mining company, Guy-mine, produced 220,000 tonnes of calcined bauxite in the first four months of this year, 6 per cent more than projected, the compan ysaid. Exports totalled 223,000 tonnes, surpassing the 202,000-tonne target for the

Production of metal-grade bauxite was 335,000 tonnes, below the 419,000-tonne target. AUSTRALIA's wool produc-

tion forecasting committee lowered its second forecast of 1984-85 Australian wool ouput. to 765.5m kg greasy from its first forecast of 770m made in

● A RECORD £1.96m was awarded to 17 UK farmers' co-operatives in the latest round of grant aid from Feoga for marketing and processing projects, Food from Britain's Co-operative Development Divi-sion said: "A total of 44 UK projects was approved, with aid totalling more than £5m.

• FUTURES trading on New York Mercantile Exchange (Nymex) for this first was up 4.4 per cent over the corresponding period last year. Trades registering to June 30 numbered 2,643,996.

• WORLD cotton stocks are expected to rise to 28m 480-lb bales by August 1, 1985, from 24.7m bales this August as gains in world output outpace the increase in world consumption, the U.S. Agriculture Department

### Fontainebleau sows dubious seed

IT IS probable that the Fon- been to move towards common to a limited extent the British EEC budget contribution conflict, was much more damaging to the concept of a Common Agricultural Policy and European unity than the original differences.

As the price for West Germany being the principal finan-cial support of the agreement, Chancellor Helmut Kohl persuzded the Summit to agree to extra national payments to his

farmers.
It should be remembered that at the Community price review in the spring it was agreed that the West German monetary com-pensatory amounts (MCA), which gave farmers there an advantage of about 10 per cent over others, should be progressively dismantled starting with 6 per cent this year.
This would mean a similar

fall in most farm prices and alarmed the farmers' unions. They claimed that they, in the They claimed that they, is the circumstances of reduced incomes over the past year, should have special aids.

The method chosen by Herr Kohl was to allow farmers to charge an extra 5 per cent VAT on sales and to keep this money instead of handing it to revenue

prices all over the Community. It also restores to West German farmers, however, their favourable position in the Community farm income league.

National aids are no new thing in the Community but have in the past existed on sufferance or been ruled out of order by the European Court. British pig-farmers remember

ruefully how Mr John Silkin,

the same thing. Unlike in Britain, food is subbut directly from consumers.

vention mechanism to provide expect to see moves designed to basic support.
The beauty of the new West-

German system, from the far-mer's point of view at least, is For Britain the situation is choice but to pay the extra. Nor on the Government's hit-list for does it make demands on the EEC budget, which should burning to destruction of sites please the Community's finance of special scientific interest.

As for West German consumers, their organisation is

Farmer's Viewpoint: By John Cherrington

Agriculture, gave special aid to the political power of the farpig-farmers but the court soon turned it down. Mr Silkin's aid, however, was a definite govern-ment subsidy; the West German version is not quite

ject to VAT in West Germany, as it is in several other European countries. So it can be argued that the increases to farmers' incomes will not be coming from national coffers The same sort of fiddle is not available to aid British farming

authorities.

This clearly torpedoes the object of the MCA reductions agreed in Brussels. This had they will pay, leaving the inter-

the then Labour Minister of but a shadow compared with mers' unions.

It is now clear that a precedent has been set for other member-states to soften the effects of Community financial disciplines with national funds. These need not necessarily involve the rather complicated procedures adopted in West

Germany.

There is no essential difference that I can see between a state paying a direct subsidy out of tax revenues or allowing the tax collectors, that is, farmers colecting VAT, to keep a proportion of the take.

I doubt if member-countries will dash in to lavish cash on woken up to their farmers. Rather I would Fontainebleau.

regularise their present activi-ties, which are of doubtful

that the consumer has no subtly different. Farmers are

They are also costing the taxpayer, after deducting the contributions from the Community, about £800m a year and, of course, much of Britain's contribution to Europe is lavished on farming, so the real cost is

much higher.

Now that the principle of national variations has been legitimised by the Summit it is obviously open to any British Government to use the same method to reduce farmers' returns.

I am surprised that no one has yet suggested appealing the question of the West German concession, either to the Euroan Court or to the European Parliament.

If this test is not made, it means the Common Agricul-tural Policy as we have known it is finished and that this has been accepted by membercountries and farming organisations; or else that they have not woken up to the implications of

and sect

### Soviet grain imports expected to rise

Agriculture Department raised its forecast of the Soviet Union's total grain imports in 1984-85 (July-June) by 3m tomes to 38m tonnes, the second highest on record. The entire 3m-tonne rise was added to wheat imports, which the department now forecasts at 23m tonnes.

The department left unchanged its coarse-grain import forecast, at 14m topnes, and its estimate of Soviet grain imports in 1983-84, at 33m

all-time high. In its Soviet June marketing year. In recent grain report it said recent significant Soviet wheat purchases prompted increase.

It said Soviet wheat purchases from all sources so far this year totalled about 8m tonnes, well ahead of the pace of Soviet purchases by the corresponding date over the past three years.

The department said recent onnes. Soviet grain purchases appeared have to It said the 23m-tonne wheat to cover expected imports for Reuter

WASHINGTON - The U.S. import forecast would be an the first quarter of the Julyyears when Soviet imports exceeded 30m tonnes, imports in the July-September period aver-

aged more than 7m tonnes. It said that with only modest amounts of grain available from principal Southern Hemisphere suppliers, and Canadian and European Community shipping schedules fairly well set by ear lies sales, any significant additional Soviet grain-buying for July-September shipment would have to come from the U.S.

NEW YORK -

ALUMAINIUM 40,000 lb, cents/lb

COFFEE " C " 37,000 lbs, cents/lb

Ciose 147.41 139.97 136.99 135.50 134.05 133.05 132.05 140.76

COPPER 25.000 lb, cents/ib

Close 58.45 58.65 59.30 61.75 61.75 63.00 64.35 65.65 68.96 68.95

COTTON 50,000 lbs. cents/ib

Close 72.75 71.84 73.20 74.00 73.40

Latest High
August 29.07 29.30
Sept 29.38 29.52
Oct 29.60 29.70
Nov 29.72 29.84
Dec 29.88 30.00
Jan 29.95 30.03
Feb 29.90 29.90
March 29.90 29.90
March 29.95 29.95
May 29.85 29.95
GOLD 100 toy oz. 5/toy
Close

July Augus Sept Dec Jan March May July Sept Dec

High Low 49.00 47.10 40.60 39.35 37.75 36.25 34.50 34.00 34.00 33.00 32.25 32.25

Low 58.20

62.90 64.20 65.75 66.85 68.80

Low 72.30 71.35 73.60 73.95

63.15 64.50 65.76 67.10 69.00

High 72.85 71.90 73.35 74.05

Close High Low 338.0 339.5 344.5 339.0 342.5 346.5 339.0 346.5 353.2 346.5 353.3 358.3 353.0 357.0 378.0 379

HEATING OIL 42.000 U.S. gallons, cents/U.S. gallons

High 77.12 78.10 79.20 80.37 81.60 82.00 81.80

ORANGE JUICE 15,00 lbs, cents/fb

1.41est 76.49 77.40 78.70 80.00 81.30 81.60 79.25

165.00 165.00

Close 338.5 344.5 347.5 356.7 356.0 376.8 396.0

PLATINUM 50 troy oz, \$/troy oz

High: 344.5 356.0 365.0 365.0 375.0 384.0

Low 344.5 353.0 348.0 367.5 367.0 382.5

Banana export target raised By Canute James in Kingston

THE Windward Islands in the Eastern Caribbean have set a banana export target of 140,000 tonnes to Britain this year. The four islands—St Lucia, St Vinfour telanos—St Lucia, St Vin-cent, Grenada and Dominica— last year shipped 117,000 tonnes to Britain, to which they have preferential entry.

The group has set a 1986 tar-get of 160,000 tonnes to be shipped to Britain. The industry in some islands was but four

in some islands was hit four years ago by a series of tropical hurricanes which destroyed several thousand acres of plants.

#### PRICE CHANGES

#### BRITISH COMMODITY PRICES

in tonnes unless stated otherwise	July 12 1964	+ or	Month ago		July 12 1984	+ or	Month ago
Metals Aluminium Free Mkt Cooper Cash is Grade 3 mths Gash Cathode 3 mths Gold froy 62 Lead Cash Nickel Free Mkt Paliadium oz	\$1290-1250  £1008.5  £1027.75  £1021  £1034.25  £342  £371.5  £371.5  £5202	+10 +11 +12 +12 +17.25 +0.5 +8.5 +6		Olis Coconut (Phil) Groundnut Linseed Grude Palm Malayan Seeds Copra Phil Soyabean(U.S.) Grains Barley Fut.Nov. Malzo Wheat Fut.Nov. No 2 Hard Wint Other	\$560w \$270.76w £109.45 £154.00 £110.65		\$830 8830 \$316,90 £106.45 £152,50
Platnum oz Quick silver troy oz 3 mths Tin cash Tungston	\$344,00 \$795,805 656,40p 571,60p £9500 £9416	+ 3,56 + 4,00 + 66 + 40	8382,50 8295,605 626,65p 640,40p 19160 29092,5	commodities Cocca ship't's Futures Sep Coffee Ft. Sep Cotton Aindex. Gas Oil Aug Rubber (kilo) Sugar (raw) Woolt'ps 64s	£1810,5 £2213 80,25c \$233,5 70p £94y	+7.8 -2 -0.2 -1.5 +4,5	<b>£</b> 2223,5 84,60c 8241
Wolfram22,04fb Zine 3mths Producers	£637,75 C642,75	1+1,25 1+1,25	2,8893	\$ Unquoted. Sept. y July-A Ghana cocoa, pound.	ug. † Pe	ır 75 i	b flask.

#### LONDON OIL

Although due to open unchanged gainst New York the gas oil market some under pressure during the morning. New York influenced a further rop in prices, and, except for a brief over during the day, reports

CRUDE OIL-FOS (8 per barrel)

**GOLD MARKETS** 

PRODUCTS—North West Europe 15 per tonne GAS OIL FUTURES Yest'day's + or Business close — Done

Per tonne 229.60 -0.75 280.75-29.25 233.50 -0.26 254.56 35.50 237.50 -0.56 286.25-67.25 241.50 -0.26 244.00-3.50 244.00 -0.56 244.00-3.50 244.00 -0.56 244.00-3.50 246.25 -0.56 266.50-46.25 244.00 -2.25 ----------Turnover: 1,324 (1,251) lots of 100 tonnes.

bar was fixed at the equivalent

of \$339.50, compared with \$335.50 on Wednesday. In Zurich gold closed at \$341

342, against \$3404-341.

LONDON FUTURES

tiold ros \$\frac{1}{2}\$ to \$341\cdot 342\cdot on e London bullion market today, it opened at \$338-339, it was fixed at \$339.50 in the raine, and \$341.15 in the accross to a peak of \$3421-3421, and touched a low of \$33\$-3384. In Paris the 124 kilo gold bar was fixed at FFr 95,800 per kilo

\$333 05 per ounce) in the after-Boon, compared with FFr 95,500 (2009 46) in the morning, and FFr 95,200 (5339.08) Wednesday err sp. 200 (5339.98) Wednesday afterneon.
The Frankfurt the 12th kilo bar Doc was fixed at DM 31.200 per kilo t8340.72 per cuncel against

(\$340.72 per ounce), against DM 30,825 (\$337.22). In Luxembourg the 12} kilo Turnover: 450 (444) lots of 100 troy July 12 July 11

\$3414-3424 (£2614-26234) \$341-342 \$346.339 (£27684-2594) \$388-339 \$389.50 (£259.457) \$388-339 \$341.18 (£360.430) \$339.25 Gold and Platinum Coins July 12 Krugend (\$353-3534 (£2704-8705)|King Sov 88119 83 (£024-634)
19 Krug. \$192-1624 (£1394-140) Victoria Sov 89119 83 (£021-634)
16 Krug. \$185-3334 (£711-7134) French 80s 8661-72 (£05 56)
16 Krug. \$185-343 (£29-2914) (£29-29

#### TEAN MARKETS

Whenter, 117 per tornet U.S. Two 1511 Red Whome Aug 151 25. Sept 152 36. Oct 155. U.S. Two Northern 5010g 12 per cent proton Aug 174. Sopt 171 60. Oct 175, Nov 177 50. U.S. Northern Spring 15 per cont proton Aug 170 50. Sept 177, Oct 181, Nov 183. U.S. Three Nard Amber Durum Aug 19". Sept. 177 50, Oct 181.50, Nov 183, April, May 183. Canadian One Wostern Amber Durum July 190. Aug 188 50. Sept. 189. Oct/Nov 191.50, Nov/Dac

263.75. Oct 249 50, Nev 249 50, Dec 252.75, Jan 256.60, Feb 261.10, Merch 264 40, Soyameal—(U.S.\$ per tonne): 44 per 264 40.

Soyameal—(U.S.S per tonne): 44 per cent affect 176, July 180, Aug 183, Sept 186. Oct 187, Nov/March 196 sellers. Pollets Pazzi affect 183, July 181, Aug 184. Sept 185, Oct 193, Oct/Dec 199 sellers. Pellets Argentine June 176, July 176, Aug 178, Sept 182, Oct 186, Oct/Dec 183 sellers.

#### BASE METALS

BASE-METAL PRICES gained ground on the London Matal Exchange. Copper gradually moved ahead from £1,019 to £1027.5 following renewed influential support while news of a force mejeure declaration by Centromin boosted Lead to £371 and Zing to £641.5. The production gutback by Pachiney austained to 13/1 and 2 Inc to 1981.5. The produc-tion cutback by Pechiney sustained Aluminium which closed at £907.75. Currency considerations boosted forward standard Tin to a record £9,425 prior to a closing level of £9,412.5.

COPPER ££ £ 

Higher Grade traces at £1,023, 23.5, 24, cash £1,026, three months £1,026, three months £1,026, 31, 35, Kerb: Higher Grade, three months £1,030, 31, 35, Kerb: Higher Grade, three months £1,077, 26.5, 26, 25.5, 26, Atternoon: E. (027, 26.5, 26, 27.5, 28. Attendent Higher Grade, three months E1,025.5, 25, 24.5, 25. E1,025, 26.5, 27, 27.5. Carbode: Three months £1,037, 37.5. Kerb: Higher Grade, three months £1,027.5, 28, 27.5, 27, 27.5. Turnover: 18,750 tonnes. U.S. Producers: 62-67 TIN

a.m. + orl p.m. :+ or Official — Unofficial —1 TIN High Grde £ £ £ £ Cash...... 9520-5 +26 9530-40 |+60 9488-90,+8,5 9485-6 9525 +20 — Standard | 9502-10-443, 9495-05 | 3months | 9423-5 | -22,5 9410-20 | Settlem' | 9510 | +45 | -25 9410-20 | Straits E. | \$29,15 | - | | Tin — Morning: Standard, months 19.425, 22, 20, cash furee months 19.420, 25. High (Cash 19.530, 20, three months Kerb: Standard, three months (Righ Grade: Three months Attornoon: Standard, three of 19.422, High Grade: Three of 19.425, Kerb: Standard, three of 19.

LEAD Official — Unofficial —†

Cash..... 579.5 +8 377.9 +5.5 3 months 372.5-3 +8 371-2 +5 Settlemt 579.5 +8 : ..... Lead—Morning: Three months £374, 73, 72.5, 72, cash £379.5, 79, 79.5, three months £372, 72.5, Kerb: Three months £373, 74, 73.5, Aftermoon; Three months £374, 74, 74, 75, 74.5, £374, 73, 72.5, 72, Kerb: Three months £372, 71, Turnover: 12,200 tonnes, U.S. Spot: 30-34 cents per pound. ZINC

Zinc-Morning: Three months £643, 42, £642.5, 42. Kerb: Three months £643, £842. Aftermoon: Three months £643, £643.5, three months £644, 43.5, 43. Kerb: Three months £643, 42. Turn-over: £450 tonnes, U.S. Prime Western 50.50-50.75 cents per pound.

**ALUMINIUM** 

NICKEL

Alumin'm a.m. + or p.m + or Unofficial - r

Spot ..... 882-5 + 13,7 879,5-80,5 + 14,5
5 months 906-7 + 15,2 904-5 + 15,5 03, £905. 04. Kerb: Three months £904. 04.5, 05. 06, 07, 08, 08, 07.5, Turnover: 16.600 tonnes. NICKEL

3520-5 +5 3533-7 +30 3605-10 -5 3615-20 +25

Nickel-Moming: Cash £3,520, three nonths £3,605, 10. Kerb: Three months

#### 20. Kerb: Three months £3,620, 25, 22, 23, 22, 20, 22, 23. Turnover: 2,168

#### SILVER

Silver was fixed 3.35p an ounce higher for apot delivery in the London bullion market yesterday at 555.40p. U.S. cent equivalents of the fixing levels were: spot 726.2c, up 6.3c: three-month 747.2c, up 6.60c; six-month 771.7c, up 8.60c; and 12-month 824.7c, up 6.60c. The metal opened at 553\*2p-555\*2p (7236-728c) and closed at 560p-563p (734c-737c).

PLVER Buillon + or LM.E. + or per fixing - p.m. troy price Unoffiel 3 months 671.60p +4.00 503.0p +5 6 months 688.10p +3.90 — ...... 12months 682.55p +3.05 — ..... LME — Silver (52.000 oz contract):
Cash 562.5p (557.5p); three months
579p (574p), Turnover: 0 (2),
Turnover: 55 (132) lots of 10,000 oz.
Morning: Large 1st ring three months
571.0, 70.0; 2nd ring three months
571. Kerb: untraded. Atternoon: large
1st ring three months 577. Kerb: Large
three months 578, 79.

#### COCOA

In thin trading futures moved within a £35 range and ended the day quietly. Producers were still reluctant to reenter the market at current values and

S Gill and Duffus.

Yesterday's Close + or Business
E per tonne | 1810-10 | 1855-14 |
1810-11 | +7.5 | 1820-86 |
1714-15 | +9.0 | 1735-08 |
1719-22 | +6.5 | 1722-06 |
1725-26 | +2.5 | 1727-20 |
1734-88 | +1.0 | -Sales: 3,343 (4,552) lots of 10 tonnes. ICCO Indicator prices (U.S. cants per sound): Delly price for July 11: 101.42 (107.53): five-day average for July 12: 101.15 (101.27).

#### COFFEE

in most contracts.

In moderate volume trade and dealer most contracts.

In moderate volume trade selling trade selling the property of the count of COFFEE Yesterd'ys + or | Business | Done

Sales: 2,883 (2,763) lots of 5 tonnes. ICO Indicator prices (U.S. cents per pound) for July 11: Comp. daily 1979 141.38 (143.04): 15-day everage 143.46 (143.59).

LONDON GRAINS—Wheat: U.S., dark Northam Spring No 1 14 par cent Aug 144.25, Sept 142.75, Oct 145.75 transhipment east coast. Maize: U.S. No 3 yellgw/French July 154 east coast. Barley: English lead tob Aug 108.50 seller Scotland. Rest unquoted.

The markots eased 50p on fears of a prolonged dock strike and rising interest rates but forwards found good shipper buying support in generally thin, flat trading to close at the day's highs, reports Muirpace.

BARLEY Sept. 107.50 Nov... 110.65 Jan ... 114.10 Mar... 116.75 May... 119.75 Business done—Wheat: Sept 107.50-107.35, Nov 110.95-110.35, Jan 113.85-113.70, March 116.40-115.30, May 119.50-119.40, Sales: 207 lots of 100 tonnes, Burley: Sept 108.40-108.05, Nov 109.25-109.20, Jan untraded, March 114.75 only, May 117.30 only, Seles: 47 lots of 100 tonnes, Burley: Sept 108.40-108.05, Nov 109.25-109.20, Jan untraded, March 114.75 only, May 117.30 only, Seles: 47 lots of 100 tonnes, Burley: Seles: 47 lots of 100 tonnes. a.m. + or p.m. + or Official -

#### S. West 105.30, W. Mids 103.10. The monetary coefficient for the week inning Monday July 16 is expected remain unchanged.

#### PIGMEAT

Physical prices eased slightly but the spot month on the terminal unexpectedly railled a little, possibly on dock strike fears. The forward months were easier but volume remained light, reports CCST Commodities. Yesterdays Previous Business Month | p. per kilo (deadweight)

Aug .... 118.2 114.9 115.5-115.8 Oct .... 121.0 120.0 119.8-119.7 Nov .... 121.0 121.5 121.0 Feb .... 128.1 118.2 April ... 118.0 118.0 118.3 June .... 116.9 116.3 Sales: 24 (30) lots of 50 carcases 3,250 kilos.

A weak, oversupplied physical market plus the likelihood of rain led to a further heavy fall in futures during the morning. Confidence seemed to return later with levels recovering to close near the day's highs, reports Coley and Harper. Yestardy's Previous Business close close Dona

£ per tonne Nov..... 92.30 94.70 92.50.87.00 Feb .... 101.80 105.00 101.88.00 April 122.90 125.50 122.5-117.0 May .... 129.80 152.30 129.8.125.8 Nov.... 77.00 76.00

#### Sales: 1,072 (1,429) lots of 40 tonnes. RUBBER

PHYSICALS — The London market opened steadier, extracted buying interest throughout the day and closed bullieb, reports Lawis and Peat. Closing prices (buyers), spot 70.000 (65.50p); Aug 77.75p (75.50p); Sept 78.75p (76.50p). The Kuale Lumpur August fob price for RSS No 1 was 215.0 (211.5) cents a kg and for SMR 20 202.0 (199.5).

FUTURES — Close (buyer, seller, business). RSS No 1. £ per tonne. Aug 739, 730, nil; Sept 725, 732, nil; Oct 735, 750, nil; Nov 747, 749, 748-745; Dec 750, 758, nil; Jan 760, 770, nil; Feb 774, 780, nil; March 782, 797, nil; April 735, 810, nil; 1984 Oct/Dec 746, 748, 748-745; 1985 Jan/March 775, 780, 775-764; 1985 April/June 800, 810, nil; Seles: 4 (34) lots of 5 tonnes, 20 (43) lots of 15 tonnes.

#### SOYABEAN MEAL

The market opened unchanged in thin tradisg conditions, reports T. G. Roddick. Activity centred on February-April spread and keen shipper buying interest pushed the market higher.

Yestday's + or Business Close — Done

Per tonne | Per to Sales: 6 (96) lots of 100 tonnes, 250 1425) lots of 20 tonnes.

### SUGAR

LONDON DAILY PRICE—Row sugar 194.00 (\$123.00), down £5.00 (down 57.00), a tonne far July-August delivery. White sugar \$144.00, down \$9.50.
The market was again under pressure from whites with Paris touching limit-down in the morning. Oct-ber fell to \$133.40 before recovering by some \$2, reports. C Czarnikow. No. 6 Yest day's Previous Business close close done

8 per tonne 

Sales: No 6 5,761 (3,624) lots of 50 tonnes.
Tate and Lyle delivery price for granulated basis sugar was £205.00 (£209.60) a tonne for export.
International Sugar Agreement — (U.S cents per pound fob and stowed Caribbean ports). Prices to July 11: Deily price 4.74 (4.82): 15-day average 5.01 (5.06). **WOOL FUTURES** 47 lots of 100 tonnes.

HGCA — Locational ex-ferm spot SYDNEY GREASY WOOL—Close (in prices. Feed barley: S. East 103.50, order: buyer, seller, business).

Australian cents per kg. July 567.5, 558.0, untraded; Oct 572.0, 572.5, 572.0, Dec 578.5, 576.0, 575.5; Mer 586.5, 586.0, 585.0, 585.5; Mey 683.0, 594.5, u/t: July 601.0, 60.0, u/t: Oct 585.0, 595.5, July 601.0, 60.0, u/t: Sales: 13. MEAT/FISH

MEAT/FISH

MEAT COMMISSION—Average fatstock prices at representative markets
GB—Cartile 93.39p per kg lw (−5.27).
GB—Sheep 150.85p per kg est dow
(−40.77). GB—Pigs 80.21p per kg
lw (~2.57).

SMITHFIELD—Pence per pound. Beef
—Scotch killed sides 77.0 to 82.0:
English forequarters 80.5 to 54.0: Eire
hindquerters 88.0 to 91.0. Veel—Dutch
hinds and ends 120.0 to 124.5. Lamb—
English small 78.0 to 84.0, medium
76.0 to 81.0, heavy 74.0 to 76.0:
Imported: New Zesland PL 67.0 to 67.5,
PX 60.0 to 60.5. Pork—English under
100 lb 49.0 to 68.0, 100-120 lb 51.0 to
55.0, 120-160 lb 46.0 to 53.0.

COVENT GARDEN—Prices for the
bulk of produce, in sterling per peckage
unless otherwise stated: English prodirect Pooless—Per angund Bergeley 0.15.

### unless otherwise stated: English pro-duce: Apples—Per pound, Bramley 0.15-0.26. Gooseberles—Per pound 0.15-0.16. Cherries—Per pound 0.30-0.35.

INDICES-FIN'INCIAL TIMES July 10 Mth ago Year ago 297,65; 298,79; 306,07 \ 272,75 (Base: July 1 1952-100)

REUTERS July 12 July 11 M'th ago Yearago 1912.7 1917.4 1941.7 1847.0 (Bess; September 18 1931-100)

MOODY'S July 10 Jully9 M'th ago Yearago 1028.6 , 1087.5 | 1066.1 | 1064.7 (Base: December 31 1974 - 100)

DOW JONES Dow July July Month Ysar Jones 11 10 ago ago Spot 130,66,132,96,137,49,142,87 Fut 127,44,129,1,137,21,146,79 (Base: December 31,1974 = 100)

#### COTTON LIVERPOOL—Spot and shipment sales amounted to 30 tonnes. Restricted operations Involved law fresh dealings. Only occasional interest displayed in Turkish and Russian styles.

Boots to create jobs BOOTS the Chemist is to create up to 145 jobs with a new 50,000 sq ft warehouse and distribution centre at Wellingborough, Northants. The centre,

#### due to open next May, will serve 40 company shops in the East Midlands. Fire hoax record

FIREMEN in England and Wales were called to a record 78,340 hoax alarms last year, Mr Peter Darby, chief inspector of fire services, said in his annual report yesterday. Very few culprits were successfully prosecuted.

**Power for Corby** A £40M RUBBISH burning power plant is to be built in the unemployment blackspot of Corby, Northants, creating 100 jobs. The EEC is donating more than £350,000 to mr t design

**AMERICAN MARKETS** 

Prey 47,49 39,53 37,06 26,05 34,25 34,25 33,00 31,50

Prev 57.85 58.05 58.70 50.80 61.25 62.80 62.85 66.45 68.45

Prev 72-20 71-37 73.03 73.80 73.40

**CHICAGO** 

LIVE CATTLE 40,000 lbs, cents/fb

Aug 65.35 65.37 64.72
Oct 63.87 64.95 63.52
Dec 64.77 64.95 64.35
Feb 65.05 65.10 64.55
April 65.62 65.67 65.30
June 66.45 66.50 66.10
LIVE HOGS 30,000 ibs. cents/ib

MAIZE 5.000 bu min, cen

Close 168.0 168.9 171.3 171.5 175.2 177.8 180.5 182.5

Close 29,23 27,80 28,67 25,43 24,24 24,15 24,28 24,45 24,50 24,46

Precious metals opened lower and railled on apeculative buying at the lower levels but still finished nominally lower, reports Heinold Commodities. Copper prices went against the trend and finished higher on news of serious Peruvian labour problems. Aluminium prices elso closed higher on a liquidation and correction of an oversoid position. Heating oil prices declined moderately as the trade began to adjust its positions to the announcement that Opec would not raise prices.

842.1 873.5 851.0 843.0 898.8 883.0 875.0 878.3

MY MARK

WALL CROSS I

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## 199.2 3 PORK BELLIES 38,000 lbs, cents/lb High 56.00 57.80 56.00 56.85 54.35 70.10 58.56 69.50 68.10 70.80 69.00 72.40 70.50 70.00 88.00 Prev 56.50 54.65 62.45 67.95 69.32 70.85 68.50 July 676.0 677.0 633.0 6
August 674.0 679.0 682.0 6
Sept 656.2 661.4 646.0 8
Nov 643.0 649.0 532.0 6
Jan 855.2 661.4 685.4 685.4 681.0 8
March 669.2 676.4 680.0 8
May 880.0 689.0 670.0 6
July 686.4 681.0 677.0 6
August 684.4 689.0 676.0 6
SOYABEAN MEAL 100 tons, \$/ton Low 663.0 662.0 646.0 632.0 645.4 660.0 670.0 677.0 676.0

Prev 163.5 165.9 165.6 169.0 173.2 176.3 178.0 180.5

176.0 179.0 182.0

65.00 65.00 Sept 349.4 352.0 349.2 344.6 344.2 349.4 352.0 349.0 348.4 362.4 362.4 362.4 372.4 372.4 372.4 372.4 372.4 372.4 372.4 372.4 372.4 372.4 372.4 372.4 372.4 372.4 372.4 372.4 372.4 343.6 SPOT PRICES—Chicage loose fard 362.2 26.00 (27.00) cents per pound. New 362.2 3

PROON

MANK FIXING

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#### CURRENCIES, MONEY and CAPITAL MARKETS

234.0. Trade-weighted index

against 157.3 six months ago.

The yea closed little changed

no need for the Bank of Japan

July 12 Prev. close

**CURRENCY RATES** 

7,601023 0,784636 10,4555 16,6569 45,5225 8,15492 2,25229 2,61947 6,85068 1369,19 190,235 6,43480 186,758 6,88042 1,88415 7,78653

£ in New York

FOREIGN EXCHANGES

Sterling weak Sterling lost ground in currency markets yesterday despite the recent two-point rise in UK clearing bank base rates. Firmer rates did give the pound some assistance and it finished above its record low touched recently against the dollar. The market hardly changed while Federal regions are started trading around.

appeared to be far from confi-dent, however, and the prospect of U.S. interest rates possibly moving even higher is never going to be an aid to sentiment Sterling's index finished firmer at 77.7, up from 77.6 on Wednesday, and having stood at 77.6 at noon and 77.5 in the

morning. However, the index was based on rates some way was based on rates some Way above the day's close and did not reflect sterling's later decline. It closed at \$1.3070, down from \$1.3140 on Wednesday, and DM 3.7235 compared with DM 3.74. It was also weaker against the Swiss franc at SwFr 3.1475 from SwFr 3.16 and FFr 11.4550 from FFr 11.4650. Against the yen it eased to Y317.25 from Y318.75.

The dollar was a little below

The dollar was a little below the day's highs at the close but was still firmer than Wednes-day's levels. It finished at a 101-year high against the D-mark

75.42-75.80 13.59-13.64-2 1.2140-1.2200 3.714-3.74 194.37-201.81 211.00-211.80 2.210-2.2544 10.73-10.77-2 11.40-211.454 10.85-10.89-2

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ETS man

Canada Nathind. Belgium Denmark Ireland W. Ger. Portugal

THE POUND SPOT AND FORWARD

75.46-75.55
13.61\-11.62\-1
1.2185-1.2185
3.71\-3.72\-1
194.65-201.40
271.2-271.45
2.287-2.289
10.74-10.75
11.41-11.42
10.88\-10.87\-318\-317\-2
25.11-25.16
3.14\-3.75\-4

against the dollar in 1984 is 2.8480 to 2.5535. June average 2.7393. Trade-weighted index 124.5 against 122.9 six months ago.

The D-mark lost ground to the dollar in Frankfurt, after some

nervous trading during the period when the Bundesbank council meeting was in session. The U.S. currency retreated slightly during the meeting on speculation that the central bank wight increase. funds started trading around funds started trading around
11 per cent.

The dollar finished at
SwFr 2.4080 from SwFr 2.4006
against the Swiss franc and
Y242.60 compared with Y242.10.

It was also firmer against the
French franc at FFr 8.7350 from
8.71. On Bank of England figures,
the dollar's trade weighted index
rose to a record high of 136.8
from 136.5 on Wednesday.

D-MARK — Trading range might increase its Lombard rate. When this was left unchanged at when this was left unchanged at 5.5 per cent the dollar moved higher once again, and was fixed at the highest level since Ya22.10. Inst the highest level since January 23, 1974. The Bundesisto from Basel St. In at the fixing, as the dollar rose to DM 2.8540 from DM 3.7160 at the fixing, but the Swiss franc fell to DM 1.1832 from DM 1.1852. Within the

**EMS EUROPEAN CURRENCY UNIT RATES** +0.93 +0.29 -0.37 -0.30 -0.24 +0.51 -2.27 +0.87 +0.23 -0.43 -0.36 -0.30 +0.45 -2.27

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times

**CURRENCY MOVEMENTS** 

Sterling
U.S. doilar
Canadian doilar
Austrian schilling
Selgian franc
Danish Kroner
Danish Kroner
Swiss franc
Guilder
French franc
Lira

\$pot |\$1,3065-3075 1,3065-3,750 1 month |0.05-0.01 dis |0.02-0.05 dis 5 months |0.01-0.05 dis |0.06-0.11 dis 12 months |1.70-1.80 dis |1.65-1.70 dis THE DOLLAR SPOT AND FORWARD

% Three p.a. months July 12 D.a. months p.s. July 12

0.41 0.02pm-0.03d -0.02

-0.48 0.36-0.51dis -1.00

18-10 0.36 0.51dis -1.00

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0.41 0.02pm-0.03d -0.02
0.61 0.27-0.17 pm 0.81
-0.90 0.30-0.36dis -0.88
5.46 4.50-4.46 pm 5.57
0.41 12-9 pm 0.79
0.52 3.10-2.60 pm 0.88
6.10 4.43-4.38 pm 6.08
-3.96 per-300 dm -3.96
-2.04 70-80 dis -1.88
-4.35 17-17.76 dis -3.97
-0.73 0.55-0.85dis -0.34
-1.58 2.00-2.20dis -1.01
5.68 3.58-3.48 pm 5.82
5.07 26.75-24.75pm 5.15
6.77 4.28-4.24 pm 7.07

Bank of Morgan England Guaranty Index Changes

f UK and frelend are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Selgian rate is for convertible francs. Financial franc 58.32-58.37.

OTHER CURRENCIES Argentina Peso . 271.14-71.28 54.37-54.45 Austria . 261 1.2048-1.2063 Brazil Crozzelro. 2,216.5-2,329.6 1.770-1.779 France . 7,899-6 6,029-6.031 26.00-26.30 75.75-76.85 13.55-13.65 13.55-13.69 11.40-11.4912 3.704-3.734 2266-2290 316-321 4.1814-4.213, 10.69-10.9012 192-198 2054-3114 10.81-10.9212 3.1312-3.161, 1.30-1.314, 185-194 rembourg Fr., 76.19-76.26 layers Dollar... 3.0620-3.0695 w Zealand Dir. 2.1110-2.1160 di Arab. Rival 4.6950-4.6005

One month
0.07-0.02c pm
0.01-0.13c dis
2k-1'sc pm
12-5c pm
1'sors pm-1<sub>4</sub> dis
0.03c pm-0.08 dis
2k-1'spf pm
10c pm-130 dis
2k-1'spf pm
10c pm-130 dis
2k-1'spf pm
10c pm-130 dis
1-1-1c pm
1-1-1c pm
12-1-10-gro pm
12k-10-gro pm
12k-10-gro pm
12k-10-gro pm
12k-10-gro pm

-0.48 0.36-0.51dis
5.89 %-54, pm
1.35 29-30 dis
0.33 1½-1 dis
1-0.25 0.18-0.34dis
8.65 57-51, pm
-2.64 par-405 dis
-1.99 100-145 dis
-1.99 100-145 dis
-0.48 ½-13 dis
-1.18 1½ pm-par
-1.32 2½-37, dis
6.62 47-47, pm
7.39 57-57, pm

**EXCHANGE CROSS RATES** Doutsche m'ki J'panese Yenj FranchFranci Swiss Franci Dutch Guild / Italian Lira Canada Dollar Belgian Fran 11,42 8,734 4,200 3,213 1.744 1.554 75.50 57,77 1,128 13,24 leutschemark apanese Yen 1,000 3.066 35,98 11.73 5,261 1,183 10. 5,627 3.679 1,334 66.14 23,99 0.311 0.571 138.7 0.457 1.627 1.376 1.836 33.00 talian Lira 1,000 1000 2,134 4,930 181.9 420.2 1,602 4,169 43.29 100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Canadian Dollar italian Lira Danish Kroner Swiss Franc Yen 11541216 1156-1214 1116-13 1156-1176 1154-1214 1218-1236

Asian \$ (closing rates in Singapors): Short-term 113.113, per cent; seven days' 113.113, per cent; one month 1113.1113, per cent; three months 124.124, per cent; alk months 124.124, per cent; one years 132.124, per cent; three years 142.144, per cent; four years 144.144, per cent; three years 142.144, per cent; four years 144.144, per cent; three years 144.144, per cent; five years 144.144, per cent nominal closing rate. Short-term rates are call for U.S. dollars no Japanese yen; others two days' notice.

#### MONEY MARKETS

### UK rates edge nervously higher

UK clearing banks' base lending rate 12 per cent (since July 12-13) Overnight interbank money ranged between 10 per cent and 13 per cent.
Wednesday's slight upward slant in interest rates was reversed yesterday with one month money now about † of a point higher than one year money. higher than one year money. This reverse curve had been apparent in bill rates on Wednesday and the Bank adjusted some of its dealing rates yesterday in what was seen as an attempt to bring the four band rates more into line with the structure of rates prevailing in the market. Band 2 was cut to

FT LONDON INTERBANK FIXING LONDON INTERBANK FIXING Three months U.S. dollars

bid 12 1/16 Offer 12 5/16 Six months U.S. dollars bid 12 8/4 The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for \$10m quoted by the market to five relevance banks at 11 am each working day. The banks are National Westminater Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

UK interest rates were slightly firmer overall in nervous trading yesterday. They finished well below the day's highs however. Initial concern on the performance of sterling and technical problems in taking out the shortage of overnight credit combined to push rates firmer. Three-month interbank money opened at 111-12 per cent buttw as bid up to 123 per cent buttw as bid up to 123 per cent buttw as bid up to 124 per cent buttw as bid up to 125 per cent buttw as bid up to 12

6.15625 164-165a 12.00 10<sup>5</sup>4-114 6.15625 164-165a 114-1134 124-125a 6.21875 1653-17 1153-117a 12-1314 - 11<sup>5</sup>4-12 1312-13<sup>5</sup>4 4당 <del>4당</del> 554 114 Discount Houses Deposit and Bill Rates

LONDON MONEY RATES 10-13 184-12% 12.131 12-184 125g-121g 125g 125g 125g 125g 11/12 11/12 11/2 -1112 -1112 Ξ MONEY RATES

Finance S Cert | SDR | ECU | House of Linked Linked Deposits Deposits | Deposits | Deposits One month..... Two months... Three months... Six months.... Hine months.... 

NEW YORK (Lunchtime) Fed funds at intervention Treasury Bills One month
Two month
Three month
Sta month Treasury Bonds
Two year 100 %
Three year 98%
Four year 100 %
Five year 101 %
Caven year 101 %
98%
98%

FINANCIAL FUTURES

### Pause for thought

EMS the French franc eased to DM 32.585 per 100 francs from DM 32.59, but the Dutch guilder rose to DM 88.650 per 100 guilders from DM 88.625.

JAPANESE YEN — Trading range against the dollar in 1984 is 242.60 to 223.10. June average trded on the London Inter 99.08 previously, national Financial Futures Three-month for September delivery opened lower on worries about sterling's against the dollar in Tokyo, with the U.S. currency at Y242.73, compared with Y242.40. The dollar opened at the day's peak of Y243.40 but theo weakened on profit taking. There was probably continued weakness against the no need for the Bank of Japan to intervene as the dollar was drifting down for the most part. Sentiment remained supportive of the dollar however, and many cent will prove enough to put a firmer base under the pound, while the market also remains traders believed yesterday's softer trend to be temporary, reasonably liquid, with traders reporting substantial demand from institutional investors. This

softer trend to be temporary, reflecting only disappointment among Japanese banks at the dollar's failure to move higher in Tokyo after they had bought the currency in late New York trading. The D-mark was slightly weaker, falling to Y85.09 from Y85.22. THREE-MONTH EURODOLLAR Sim points of 100% 

LONDON

%. p.a. Close High Low 99-01 99-06 58-16 98-05 98-03 98-03 97-18 97-13 97-13 98-31 96-30 98-30 99-05 —— ume 4,049 (5,325) a day's open int. 6,119 (5.1 Prav 99-08 98-13 97-25 97-09 99-15 Est. volume 4,049 (5,325)
Previous dey's open int. 6,119 (5,747)
Basis quote (clean cash price of 134,%
Treasury 2003 less equivalent price of near futures contract) 14 to 30 (32nds) Close High Low Prev Sept 1.3105 1.3105 1.3050 1.3180 Dec 1.3135 1.3113 1.3097 1.3225 March 1.3185 — 1.3280 Est volume 1.573 (2,262) Previous day's open int. 4,044 (3,081) High Low Prev 1.3105 1.3050 1.3180 1.3113 1.3097 1.3225 — 1.3280

DEUTSCHE MARKS DM 125,000 S per DM SWISS FRANCS SwFr 125,000 \$ per SwFr

Close High Low Prev 0.4200 0.4200 8.4195 0.4227 0.4287 — 0.4314 Sept 0.4200 0.4200 0.4195 0.4227 Dec 0.4287 — — 0.4314 Est. volume 1 (2) Previous day's open int. 2,293 (2,295) 

100 INDEX r full index point

Clese High Low Prev Dec 99.05 99.60 97.50 99.85 March 99.05 99.15 97.60 99.90 June 99.20 — 100.00 Sept Dec June 734 (487) Dec June day's page int. 986 (974)

Yesterday was described by took September gilts up to a traders as a day for pausing and peak of 99.06 before the contract thinking as far as the contracts closed at 99.01, compared with Three-month sterling deposits

remained active, also opening weak, and being sold down to a low of 88.44 for September delivery. The weak pound was behind the fall, but the contract recovered when sterling temporarily breached the \$1.31 level, to elees weekenged at \$5.70 dollar despite the 2 per cent rise behind the fall, but the contract in clearing bank base rates, and on the weak close to the U.S. bond market overnight. After opening at 99-00 the contract traded down to a low of 98-16, but then recovered gradually on hopes that base rates of 12 per moved up on buying interest in cent will crove enough to put a Chicago when Sederal funds. moved up on buying interest in Chleago when Federal funds traded at under 11 per cent. Hopes of a fall in weekly U.S. money supply also underpinned the contract, which peaked at 87.55, before closing at 87.53.

U.S. TREASURY BONDS 8% \$100,000 32nds of 700% Close High Low Pre-Sept 62-04 62-09 61-17 61-2 Dec 51-16 — — 61-0\* March 61-02 — 5-2 Est. volume 528 (623) Previous day's open Int. 1,165 (1,250)

**CHICAGO** Latest High Low
Sept 62-09 62-12 61-30
Dec 61-22 61-25 61-12
March 60-30 60-31 60-31
Sept 60-22 60-22 60-12
Dec 60-15 60-16 60-00
March 60-09 60-09 60-02
June 60-04 60-04 59-28
U.S. TRE \*\*-YRY BILLS (HMM)
Stm points of 100 \*\*

Letest High 89.26 89.28 — 88.56 88.07 88.10 87.75 87.77 87.49 87.49 87.30 87.32 87.32 87.02 CERT. DEPOSIT (IMM) \$1m points of 100% Sept Dec March June THREE-MONTH EURODOLLAR (IMM) 51m points of 100% STERLING (IMM) \$4 per E High 1,3120 1,3150 1,3190 1,3220 Sept Dec March June

Clubs

policy of fair play and value for money. Suppor from 10-3.30 am. Disco and transcriptions, glamorous hostesses, exciting Boorshows, 169. Regent St. 01-734 0557.

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WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The Table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, July 11, 1984. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified

Bank of America, Economics Dept., E.M.E.A. London Eurodollar Libor as of July 11 at 11.00 a.m. 3 months: 124 6 months: 127

areas. All rates quoted arc indicative. They are not based on, and are not intended to be used as a basis for particular transactions. Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

ECU=\$U\$.785105 SDR1=\$US1.01975 Sibor as of July 11 at 11.00 a.m. 3 months: 124 6 months: 127

COUNTRY .	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY		YALUEOF DOLLAR	COUNTRY	CURRENCY		VALUE OF DOLLAR
Afghanistan	Afahani (O)	50.6n	Grenada	E. Caribbean 8		2.70	Paraguay	Guarani (O)	:	240.00
Afghanistan	Lek	50.6 <sub>0</sub> 7,727 6	Guadaloupe	Franc		8,725 1,00	Peru	-Guarani (d)	ì	393,50 3414,48
Algeria	Dinar	4.962 8,725	Guam	U.S. 5		1.00	Philippines	Peso (5)	:	18.06
Andorra	Pr. Franc	. 0.725 161.43	Guinea Bissau	Peso	•	82,4264	Pitcairn la	N.Z. Dollar	!	1.617f
Angola	Kwanza	50.214	Guinea Rep	Syli	•	242075	l Poland	Zloty (O)	i	113,80
Antique	E. Caribbean S	2,70	Guyana	Dollar		3.75	Portugal	Escudo	1	151,50 1.00
Argentina	New Peso (f)	53,993 : 1,2149	Haiti	Counte		5,00	radia kiosii	V.0. 9		
Australia	Schillen	19.948	Honduras Reo	Lempira	•	2.00	Qatar	Riyai		3,641
Azores	Port. Escudo	. 151.50	Нопе Кола	Dollar		7.783	Reunion, lie de la.,	F. Fran	ı	8.725
		1.00	Hungary			49,049	Romania	er. eranc Leu (O:		4.75
Bahrain	Pollar	0.3769	losiand	Кгопа		30,36 11,31	Rwanda	Franc	•	100,721
Balearic is	Sp. Peseta	0,3769 161,48	IndiaIndonesia	Rupe <del>č</del> Punish		1021,00	St. Christopher	E. Caribbean \$		2.70_
Bangladesh	Taka	: 24,20	less	Rial (O)		90.5127	St. Holena	Pound*		1.307
Barbados	Dollar	. 2.0113 57,747	1rag	Dinar	•	0.3109 1.0767	St. Lucia St. Pierre	E. Carropean a		2.70 8.725
Belgium	Franc (C)	58,365	Irish Rep	Punt		240.33	St. Vincent	E. Carıbbean \$		2.70
Belize	Dollar	i 2,00	I Italy	Lira	•	1743.00	Samoz (Western)	Tala*		1.842
Benin	C.F.A. Franc	436,25	Ivory Coast	C.F.A. Franc		436,25	Samoa (Am.) San Marino	U.S. 6 It Um		1,00 1743.00
Bermuda Bhutan	Ind. Prince	1,00	Jamaica	Dollar (0)		3.87	Sao Tome &		•	
BoliviaBotswana	Peso (1)	8000.00	Jacan	Yen		242,20 0,3802	Principe DR	Dobra		44.3738
Botswana	Pula	1,3459	Jordan	Dinar		Ų,36UZ	Saudi Arabia Senegal	Riyai (4)		3.51 436.25
Brazil	Gruzeiro	1774.50 2.147	Kampuchea	Riel		n.a.	Seychelles		:	7.0944
Bulgaria	Lev	. 1.007	Kenya	Shilling		14.138	Sierra Leone	Leone		2.51
Burma	Kvat	7,9809				1,2149 0,94	Singapore Solomon Is.	Dollar	•	2.147 1.306
Burundi		120,523	Korea (Sth)	Won		808.00	Somali Rep	Shilling		16.1805
Cameroun Rp		436,25	Kuwait	Dinar	•	0.2987	South Africa	Rand	-	1,5038
Canada Canary Is	Dollar Sa Bosata	1,3315	Lao P'pis D. Rep			35,00	Spain	Peseta		161,43
Cape Verde is	Escudo	161,43 : 80.00	Lebanon	Pound		5.85	Span. Ports in N.:	Sp. Peseta		161.43
Cavman Is	Dollar	0.835	Lesotho	Loti		1,5038 1,00	i Sri Lenka	Rupee		25,19
Cen. Africa Rep Chad	C.F.A. Franc	436,25	Liberia	Dinar		0.2961	t Sudan Rap	Pound*	÷	0.7692
Chile	Page (O)	. 436.25 91.72	Liechtenst'n	Sw. Franc		0,2961 2,3996	Surinam	Guilder		1,785 1,5038
Chins	Renminbl Yuan	. 2,281	Luxembourg	Lux. Franc	•	57,747	Sweden	Krone		8.308
Colombia	Peso (O)	· 101,13	Macao	Pataca	٠.	8,0904	Switzerland	Franc	•	2,3 <del>9</del> 95
Comoros Congo Ppie Rep.of	C.F.A. Franc	: 436,25 436,25	Madagasoar D. R. Madeira	Franc	ŀ	599,582 151,50	Syria	Pound (O)	•	3.925
Gosta Rica	Colon	43.75	Magerra	Kwasha	1	1.3576	Taiwan	Dollar (O)		39.48
Cuba	Peso	0,8602	Majavsis	. Rinesit	Ŧ	2.8346	Tanzania	Shilling (7)		17.25
Сургиз	Pound*	1,6995	Maldive Is	Rufiyaa (O)	:	3.93	Thailand	Baht		22.38
Czechoslovakia		6,55	Mainte is.	Rufiyaa (M)	•	7.05 872.50 ···	Togo Rep	C.F.A. Franc		436,25 1,2149
Denmark		, 10,402	Mali Rp	CEA Franc (\$)		436.25	Tonga is	Paranga Boline		2.408
Djibouti Rp. of	Franc	187.111	Maka	Pound*		2.1716	Tunisla	Dinar		0,7671
Dominica	E. GENDOÇAN P	8.70   1.00	Martinique	Franc		6.725 57,03	Turkey	LITA		373.20
Domin. Rep	Peso (i)	2.82	Mauritania	Quguiya	:	57,03	P Turks & Caicos	U.S. a		1.00
Eouador	Sucre (O)	⊢ 64.29	Mauritius	Rupes Daga (d)	•	13,60 186,18	Tuvalu	AUST DOUGL		1.2149
EOUador	Sucreta	89,08	Mexico	Peso (e)		168.76		Shillino (6)	_	327.36
	Bound'iO\	88,95 1,4288	Miguelon	Fr. Franc	•	8,725	United Arab Emir		•	3,6727
Egypt	Pound <sup>9</sup>	1,1965	Monaco	Fr. Franc		8,725	Utd. Kingdom	Pound Sterling		1.507
EI Salvador	Colon	2,50	Mongolia Montserrat	Tugřík (O)		3,3555 2,70	Upper Volta	C.F.A. Franc		436,25
Eq'ti Guinea	Ekuale	322,86	Morocco	Dirham		8,80	Uruguay	Peso		54,88
Ethiopia,		2,0505	Mozambique	Metica		42,474	Vanuatu	Votu	:	0.80 104.144
Faeroe is'd,	Dan, Krone	10,402					Valican	Lira		1743.00
Faikland Is'd	Pound*	1.307	Namibia	S.A .RANG		1,5038 1,2149	1	Bolivar (g)		7,50
Finland	Markka Markka	1,0887	Nauru Is Nepal	Bunsa Dunsa	•	16.10	Venezuelo	Bolivar (g) (1)	•	4.50
Frence	Franc	6,025 8,725	Netherlands	Guilder		3,21	Venezuela	Borivar (h)		12.93 12.60
Fr. C'ty in Af	C.F.A. Franc -	436,25	Neth Antiles	Guilder	:	1.80	Vietnam	Dong (O)		10.1779
Fr. Guiana,	rrang CEB Fron-	8,725	New Zealand	Pollar		1,61 <b>79</b> 10.00	Vietnam Virgin is. Brit Virgin is. U.S	U.B. 8		1,00
Gabon	CFA Franc	158.636 436.25	Nicarogua Niger Ro	C.F.A. Franc		436,25	Virgin Is. U.S	U.S. &		1.00
Gambia	Dalasi	3.8256	Niger Rp	Naira	-	0.7762	Yemen			5,40
Germany (E),	Ostmark (O) ·	2,6438	Norway	Krone		8,12	Yemen PDR	Dinar		0.3428
Germany (W)	Mark	2.8438	Oman, Sultanate of		:	0.3456	Yugoslavia	Diner	_	144,48
Ghana	Cedi !	35,00	i e		•	14.0678	Zaire Rep		•	36.9703
3reece	roullu" . Drachme	1,307 111,15	akistan Panama	Baboa	;	1,00	Zambia	Kwacha	:	1.8058
Greenland,	Dan, Krone :	10.402	Papua N.G	Kina	-	0,9162	Zimbabwe	Dollar	:	1,2579

n a. Not available, (m) Market rate. \*U.S. dollars per National Currency unit. (a) Freemarket central bonk. (b) Official rate. (b) Freemarket Interbank. (c) Commercial rate. (d) Freemarket. (e) Controlled. (f) Financial rate. (g) Preferential rates. (h) Non-essential imports. (i) Floating tourist rate. (1) Venezuela: For debts incurred prior to Fabruary 1983. (2) Mali Rp.: has rejoined U.M.O.A. and effective June 1 GFA franc is official currency. (3) Mali Rp.: Mali franc remains legal tender for three months from June 1. (4) Saudi Arabie: Riyal revolued from 3.52 to 3.51, June 6. (5) Philippines: Currency allowed to float, June 6. (6) Uganda: June 14, Two-tier system abolished. (7) Tenzania: June 14, Official devaluation of 25.9 per cent. For further information please contact your local branch of the Bank of America.

CAPITAL MARKETS

#### FT INTERNATIONAL BOND SERVICE

#### BY MAGGIE URRY IN LONDON CREDITANSTALT-BANKVEREIN, the big Austrian bank which is 60 day launched a bond with warrants deal, with the same structure as the recent Commerzbank issue. The \$100m four-year bond has a 4 per cent coupon, while the warrants allow investors to buy a bond vith the same coupon maturing in 1991, at par during the life of the

The package is priced at 102, and yesterday traded at a discount of around 1% points. As with the Commerzbank deal, the warrants proved more popular than the bonds and traded separately at around 27, while the bonds changed

ands around 97%. with seven co-leads. Total fees were

Austrian bank issues bond with warrants

BKF Bank bond average

98.855

. High 100.009 premium was set at an 11 per cent

remium to the share price at the time of pricing.

The Eurodollar bond secondary market was very quiet with prices unchanged. Investor interest is

lacking, and the supply of paper is The stronger U.S. dollar, and the weaker New York bond market, again depressed the D-Mark and the Swiss franc sectors. In both markets seasoned bond prices were

down by about 4 point. morgan Grenfell has priced the SwFr 20m issue for Kinugawa Rubber to \$50m convertible for Moët-Hennessy at par with a coupon of 7 per cent the bottom of the indicated 7-7½ per cent range. The convertible for Moët-Hennessy at par with a coupon of 7 per cent the SwFr 20m issue for Kinugawa Rubber to yield 2½ per cent. There is a put option in March 1987 at 105.5, to give a yield of 4.31 per cent.

WEE	KLY U.S. BOND	YIELDS (*	<del>/o}</del>	
	July 11	July 3	19 High	B4 Low
posite Corp. AA	13.90	14.20	14.23	12.16
ig-term ermediate	13.31 13.35	13.59 13.60	13.59 13.79	11.51 11.33
rt-term	13.02 10.57	13.12 10.00	13.22	10.70 9.41
striels AAA etriels AA	13.26 13.72	13.56 14.13	13.66 14.13	11.79 12.02
ies AA tered Stocks	14.09 12.17	14.28 12.12	14.45 12.17	12.33 11.97

# The gas people-investing in tomorrow's world today

Gas is today's most popular fuel in British homes -and a powerful and growing force in industry, too.

But the system of underground pipelines needed to bring this clean, controllable fuel to homes, factories and offices all over Britain is largely taken for granted.

It represents a massive national investment. To replace the 150,000 miles of mains and service pipes into customers' homes, for example, would cost some £12 billion.

Naturally, the mains system needs maintenance -and the gas people, in the search for efficiency. have developed many ingenious

ways of laying new mains and of minimising the cost and inconvenience of repairing and replacing existing pipes as the need arises.

This essential work provides thousands of jobs for British workers- and first-class opportunities for British firms.

#### £1,500 MILLION PROGRAMME FOR BRITAIN'S **GAS MAINS**

Over the last seven years, more than 20,000 miles of mains have been laid and renewed, at a total cost of over £1,500 million.

And the carefullyphased

programme to keep Britain's gas distribution system in good order continues, alongside

further extensions to the distribution system. The next five years or so will see further massive / investment in the mains system 1 by the gas people on their customers' behalf.

As everybody knows, to repairagasmainyouusually have to diga hole in the road.

The gas people dug half a million trenches last year and moved 40 million tons of earth. Now, new technology has been devised to enable pipes to be laid or replaced without trenching -using mechanical moles or techniques for inserting new mains inside old ones.

Where trenches are inevitable, making them

narrower-again possible with new technology-also saves expensive earth-moving.

Reinstatement is cheaper and faster, inconvenience to the public is reduced.

#### FEWER HOLES IN THE ROAD

Pinpointing pipes and other services underground has always been difficult-causing inconvenience, lost time, and higher costs. The gas people have developed a new instrument for this purpose.

Called Gascopact, it makes use Called Gascopact, it makes use of advanced micro-electronics to provide much higher accuracy and greater user friendliness" than anything known before. We'll still be digging holes— but there will be fewer of them. In fact, there will be fewer of

over the because many overseas utilities have expressed interest in the device, hich will, of course, detect other sorts of pipes - and cables, too. There is also export potential in other specialist equipment invented by the gas people.

So yesterday's investment turns out to be tomorrow's export opportunity bringing more work for British industry, more jobs for British workers.

#### HOW THE GAS PEOPLE'S NEW VANS **SNIFF OUT TROUBLE**

In parallel with their far-reaching mains renewal programme, the gas people are using increasingly sophisticated technology for detecting early signs of possible trouble in the distribution system.

For example, special patrol vans carry ultra-sensitive detection equipment, capable of identifying minute quantities of gas escaping from damaged pipes-in

concentrations far below the level at which they could be detected by smell.

All this work is designed to make the nation's gas system even safer as well as more efficient for the gas people's rapidly increasing number of customersmore than 250,000 extra last year, and almost 3 million more over the past decade or so.

## Britain's got a wonderfuel future! G



SCI Sy SEE STATES STATE

#### OVER-THE-COUNTER

+1

**Pan-Holding** societe anonyme Luxembourg

amounted to US\$220.02 per share of US\$50 par value. This value was before payment on July 2nd, 1984, of a dividend of US\$4.50 per share. The consolidated net asset value per share amounted as of June 30, 1984, to US\$223.79.

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### FINANCIAL TIMES SURVEY

## Executive Cars

Competition between the volume makers and the more specialist producers is intensifying. In the shadow of the far-reaching German metalworkers' strike, European manufacturers face increasing problems, with Japanese sales rising in a static market

By JOHN GRIFFITHS

might have made a small recovery last year; but almost everywhere it now looks as if it is faced with uncertainty and a climate of intensifying com-petition. The competition comes both from within and, in particular, from Japan.

In no sector is the uncertainty greater than that of executive greater than that of executive cars, traditionally a source of high profit per unit. They have been the means by which many manufacturers have been able to recoup some of the huge investments they need to stay internationally competitive—and which are involving the European industry in capital European industry in capital spending of about \$80bn up to spending of about \$200n up to 1989 on new models and pro-duction facilities.

Increasingly, executive carsmodels currently exemplified by the Ford Granada, Rover, Vauxhall Cariton and upwards—are becoming the focus of the rivalry to introduce new and ever more advanced forms of highly expensive technology. Four-wheel-drive, complex on-board computer systems, computer-modulated suspensions, "thinking" gearboxes — such innovations are appearing at an ever faster rate to tempt more affinent havers

In some countries such as West Germany and the U.S.market demand in the sector the car is a has expanded (it was up 20 per cent in West Germany last be two-fold: year) to help manufacturers. To pressure the volume improve returns from their manufacturers increasingly to investments in such products, seek more distinctive images Overall, however, forecasters for their own executive car such as DRI Europe see at best products-marginal growth in total Euro-pean demand for such cars specialist until after 1986 at earliest.

So far, the more specialised manufacturers of executive cars such as Mercedes and BMW have been most successful in the sector. Not only have their sales and output increased with monotonous regularity in defiance of recessions, they have been successful in retaining profits, not least having clearly developed "premium" images, and by sharply discouraging dealer discounting—hence pro-tecting residual values.

But the volume manufac-turers have been eyeing their success with mounting envy, and preparing to tackle the specialists more seriously on their home ground. The result is a proliferation of new models,

This new model rivalry, however, is taking place in a climate of environmental, legislative and fuel efficiency pressures which in engineering terms have been bringing a marked degree of convergence marked degree of convergence in fundamental car design. It

recent Geneva conference, increasing affluence is encouraging consumers to seek a greater degree of individuality—" and the car is a major factor." The effect can be expected to

and in turn, to step pressure on the to maintain their own cars' distinctiveness.

In the light of this intensified competition, it is difficult to becoming compressed. Indeed, this is already happening, with new car prices throughout Europe increasing at well under the rate of inflation.

Adding to the uncertainty is the proposal by the EEC Commission to "harmonise" EEC prices next year, by allowing a maximum 12 per cent price variation between member states. It is bitterly opposed by manufacturers, who argue that the current variation in pre-tax prices—mainly because of exchange rates at UK prices are up to 40 per cent higher than in some states such as Belgium—reflects the lack of any coherent economic policy whole for the Community,

and that it is unfair to impose one on the car industry.

If it is imposed, manufacturers regard it as inevitable that a balance will be struck close to the cheapest market prices. And that, says Dr Krish Bhaskar, head of accounting and finance at University of East Anglia and well known for is virtually inevitable, for example, that engineers, seeking maximum aerodynamic efficiency are going to come up with very similar answers.

But, as Mr Mark Snowdon, managing director of the UK's Austin Rover pointed out at a recent Geneva conference the second of the second of the upper second of the up

German government to require lead-free fuel to be used from January 1, 1986. There now seems little prospect of the industry getting it to change its mind, and if adopted EEC-wide would present the industry with another highly expensive set of problems.

To add to the pressures

Japanese manufacturers, con-strained by import quotas and maximise their own profits per hoped to squeeze out a few

unit by taking their cars up-market. The recent result has been a spate of highly innovative Japanese new car models. each losing output of about These include Nissan's 300ZX 2,000 cars a day. turbo sports coupe, for example, Ford's Cologne plant, pro-Japanese manufacturer into the traditionally dominated by the likes of Jaguar, Porsche and

In these circumstances, the strike in pursuit of a 35-hour week by West German metal-workers, which has quickly brought much of the West German vehicle industry to a halt, is a particularly savage

confined to West German producers. The tactic of IC Metall, the metalworkers' union, was to choke off supplies of strategic components, used by throughout

Robert Bosch, the DM 14bn (\$5.2bn) a year turnover com-ponents giant which specialises in making fuel injection equipment; ZF, the gearbox manufacturer; and Mahle, which makes the pistons for most European high-performance cars as well as those for grand prive engines. prix engines, were among the first to be hit.

Within days, the major plants of BMW and Daimler-Benz were slowing to a halt. Ironically, Daimler-Benz' new Mercedes car plant at Bremen was being shown to the Press at the time the strike began, while BMW had only just laid the foundation stone for a new plant at Regensburg which should start making 100 cars a day from 1986. Mercedes had set a target of

producing over 500,000 cars this year for the first time—after 476,180 last year-while BMW

units. By last week, with no settlement in sight, they were

ducing Capris and Granadas "supercar" market wagen/Audi's output was laguar, Porsche and Motors' huge assembly plant at Antwerp in Belgium.

Volvo and Saab have been shuffling production schedules, putting models in need of miss-ing fuel injection components to one side.

Without a settlement in the next two weeks, hardly a manu-facturer in Europe will escape being affected. Even Austin Rover, although relatively sanguine about supplies of VW gearboxes for Montegos and Maestros—last week, the plant was still producing—will not be able to continue making its MG Montego. For although it uses Lucas fuel injection, it has Mahle pistons.

The problem with such comloped with the engine itself, and cannot be readily sourced from elsewhere.

What the strike has done is underline the increased vulnerability of manufacturers to component shortages as a result of opting for single sourcing and sharp cuts in inventory levels —two major ways in which they have sought to become more competitive with the Japanese industry.

Despite the strike, no one in the industry believes that the sourcing and inventory strate-gies will be reversed. "The economic case for them is so overwhelming that there is no going back," according to a spokesman for BL. "They have become an irreversible fact of



EXECUTIVE CAR DEMAND IN EUROPE'S PRINCIPAL

	1983	1984	1985	1984
West Germany	681	666	699	653
UK	184	183	189	196
France	219	219	222	239
Italy	137	146	151	15
Total	1.221	1.214	1.261	1.241
		For	recast: DRI	Europe

coming quickly, the strike has already done much damage: some 57 per cent of West Germany's vehicle production is exported. A large proportion exported. A large proportion is to the U.S., a market made particularly profitable by particularly profitable by current exchange rates. But North Americans are notoriously impatient customers, and the European executive car specialists have always made a point of having stocks for imme-

#### Replaced

That situation is inevitably going to be undermined at a time when Japan's pitch at the North American executive

indication of the mounting challenge in the executive car field from within Europe is provided by some of the latest model launches from the volume manufacturers.

Renault, the car market leader in Europe last year—but which has lost its crown first to GM and most recently to Ford

Fiat, in the form of its Lancia subsidiary, has launched several developed versions of existing cars such as the HPE. coupe fitted with superchargers, and at the end of this year will launch the Thema, its long-awaited new challenger in the large executive saloon market.

Audi, which increasingly is aiming to be seen as a premium quality innovator for the Volks-wagen group, and seeking a similar image to BMW, will be offering four-wheel-drive on all its models; has launched one of the fastest production saloons in the world—the 143 mph 200T Turbo—and is expected later this year to produce a more sophisticated updating of its smallest 80 model.

Perhaps most significantly, Ford early next year will launch its replacement for the Granada—a car reportedly offering a highly advanced specification and including the option of four-wheel-drive.

The more specialised manufacturers are hitting back, however. BMW has a number of —ended its long hiatus from facturers are hitting back, howhaving a competitive mainstream executive car by launching the 25—a car incorporating sophisticated engineering and laying claim to the title of electronics. They should need

JAGUAR SOVEREIGN The legend grows
THE 1984 SALOONS: JAGUAR SOVEREIGN 4.2 & SOVEREIGN HE

duced with all the advantages that the volume manufacturers possess in terms of economics of scale in component supplies. But the ground rules of

These cars are being intro-

only 40 per cent of the servicing of 1982 cars.

manufacturing, thanks to flexible production systems, have changed substantially from the late 1970s when it was more than 2m cars a year would survive.

The flexible manufacturing systems allow the smaller makers to run a mix of models down the same lines, and to introduce new ones without major investment in specific

The other effective route which some have also chosen for survival lies through collaboration. There is no better example of this than the new model just unveiled by

The 9000 is Saab's first new model for 17 years. Yet underneath its skin it has been developed jointly with Lancia— although it shares few actual components with the Italian manufacturer's version.

Its "Type Four" floor plat-form is being shared, not just by Lancia, but by Fiat, which is using it for the Argenta replacement later this year, and by Alfa Romeo for the or to the Alfetta.

Saab says the collaboration has slashed the investment required to produce the car, and is allowing it to be brought to the market a year earlier than otherwise would have been

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Above: the Vauxhall Cavalier which, with the Carlton, has achieved success in the volume market. Right: the new Saab 9000 which goes on sale in the UK later this year

### Cut-throat marketing tactics behind UK boom

THE UK new car market last year reached a record 1.79m for long.

It rolled back in May, ing ahead after five months of 1984, the Society of Motor that its rivals action meant it back in the back is rivals action meant it the back in ing ahead after five months of when Ford formally announced 1984, the Society of Motor that its rivals' action meant it Manufacturers and Traders in had to resume incentives. the past few weeks has changed mind about the shrinkage it predicted at the start of this year—and issued a new forecast saying that last year's record will be at least matched.

But behind the apparent boom in unit terms lies an altogether in unit terms hes an anogether different picture: of cut-throat marketing tactics, heavy dis-counting and financial incen-tives to dealers—some of whom have been "moving the metal" at virtually dealer cost and re-lying on manufacturers' bonuses for a small margin of profit.

For a time, earlier this year, there were thoughts that the price wars might abate: Mr Sam Toy, Ford UK's chairman, had publicly declared last September 1988. tember that the whole scene had become ridiculous and that Ford, as market leader, was declaring a unilateral truce.

Austin Rover and Vauxhall, Ford's main rivals, publicly lauded the move—and carried on offering incentives, hinting that Ford was finding more discreet ways of doing effectively the same thing.

At the time, one much the tespected motor industry 1981. respected motor industry economist suggested that Mr Toy was rather resembling King

The fiercest of the battles have been in the small and medium car sectors, in particular for upper-medium saloons, where the Sierra and Cavalier were slugging it out toe to toe until the end of April when Austin Rover's Montego joined the fray.

Criteria But it has been little less

fierce in the executive sector, where rather more manufacturers are pitching for the same slice of the market. How big the slice is depends on what criteria are used to

define executive sector. Fore-casters DRI Europe use # 2 base line cars such as the Vauxhall Cariton and Ford Granada upwards, and on that basis concludes that this year they will account for about 11 per cent of total sales, or about 11 date 183,000 units. That is slightly higher than the 182,000 of 1980, and represents a slight fall on last year's 184,000 — though it has recovered substantially from the 170,000 recorded in the trough of the recession in 1981.

The experience of the past few years has been that, despite the marketing muscle of the

struggle — not just in terms of increasing sales compared selling their cars profitably.

The notable exception is Vauxhall. Its executive cars, spearheaded by the Carkon, have leaped ahead, helped by the substantial success its Cavalier and Astra models have achieved in the volume market. Carlton sales last year shot upwards, from a mere 2,640 in 1982 to more than 17,000 — a trend which has continued into the current year. Sales of the Manta sporting coupe jumped from 1,580 to 8,680 in the same period; the top of the range Opel Senator saloon from 450 to 2,040 and its sports coupe equivalent, the Monza, from 170

All the models, like Ford's Granada and Austin Rover's SD1 2-3.5 litre Rover saloon, date back to the mid and late 1970s but substantial exterior and interior styling changes have helped give the Vauxhali and Opel models a new lease of

Heavy discounting and financial

incentives to dealers shed a different light on brisk sales, as John Griffiths reports

were embroiled to a greater or lesser degree in incentives to shift the models.

In the same period, BMW sales climbed to 25,180 from 22,980; those of Volvo, feeling the benefits of its new 760 series cars, rose to 24,490 from 21,290 (coralyding the small 300 ceries (excluding the small 300 series cars); while Mercedes, even with its new 190 saloon yet to arrive, saw sales rise to 13,110 from 11,790.

The weakest performer among the more specialised producers was Saab, whose first all-new model for nearly 20 years, the 9000, will not go on sale until the end of this year. Even then,

24,420, despite the overall director of BMW (GB) at the growth of executive car sales.

All three makers, however, were embroiled to a greater or lesser degree in incentives to shift the models.

In the same period, BMW sales climbed to 25,180 from 22,980; those of Volvo, feeling the benefits of its new 760 series

**Profitable** His concern in doing so is to protect residual values, poten-tially the biggest single cost in

running a car. Inevatably, this has meant that BMW's dealers have also remained very profitable: on average they have been retaining a margin of almost 13 per cent. And while the smallest and cheapest 3 series cars now The sales figures for the Granada and Rovers tell a strikingly different story. Sales of the Granada, once the undisputed market leader, fell back to 24,080 from 28,590; those of the Sales increased by Mr Paul the specialists have adopted strategies similar to those being pursued by Mr Paul importer says it has been careful to ensure that they do not sales have reflected the age of

BMW, Volvo and Mercedes are in a very different supply situation from the volume manufacturers, however. BMW and Mercedes in particular have been very much restrained by production capacity, and have been waiting for new plants to begin production and lift out-

warmed his dealers at the start of this year that the remark-able expansion of sales since when 13,000 units were would have to slow (when 13,000 units sold) would have to slow sharply this year because of supply constraints, and that they were likely to stay at a plateau of about 26,500 until 1986 at least, when output from BMW's new Regensburg plant would be in full flow.

What he did not bargain for then was libe West German metalworkers' strike, which is costing BMW 2,000 cars a day and which leaves the company with little hope now of hitting the start-of-year target. The volume manufacturers have been much more

come to be regarded as a fiest model ranges—a situation model in the same sense as which is now changing, and will those produced by the volume change even more rapidly over the next 12 to 18 months.

Replaced

Renault, for example, has been one of the bigger casuatties in the UK executive car market, and up to the end of last year had seen a steady decline in sales of its 20 and 30 models. This spring, they were replaced by a new model, the 25, which can now lay claim to be the most aerodynamically efficient saloon in the namically efficient saloon in the world, with a drag coefficient of 0.28.

Lancia, now being marketed in the UK by Lancar, part of Mr Gerald Ronson's Heron mr Geraid numbers heron empire, similarly endured a worsening situation last year, sales dropping to 3.460 from 5.170—a trend which has continued into 1984 despite the introduction of various new versions of the existing Lancia

At the end of the year, however, Lancar will be preparing for the arrival of the Thema, a major executive car new almost from the wheels up, on which Lancar is hisely to

Similarly, Alfa Romeo can expect on Alfetta replacement. and new models are expected

Most importantly, Ford early next year should launch its long-awaited replacement for the awatten replacement for the Granada, rumoured to be called the Lugano. "Spy" pictures show it to have a family resemblance to the Sierra, including the Sierra's semi-batchback rear. Towards the end of next year, Aus. a Rover will also be joining the fray with its "XX" executive car developed jointly with Honda.

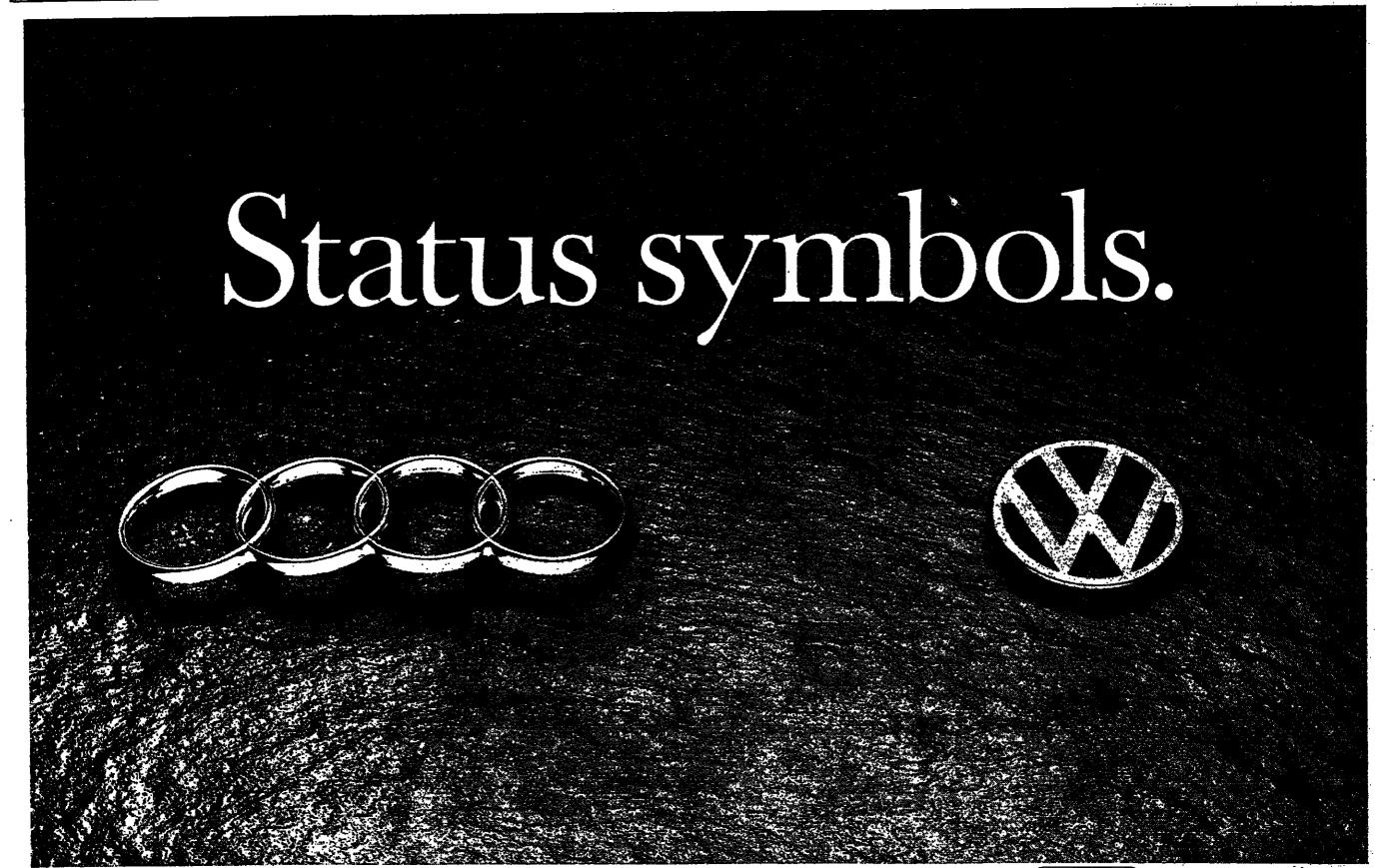
Meanwhile. meanwhile, Audi, Volks-wagen's up-market sister com-pany, is also making a harder pitch at the executive car market—sales of its 100 saloon have doubled since a new version was launched in the UK

The competition is being heightened also by the introduction of new models from Japanese importers who, constrained in unit sales by quotas, are looking increasingly to the executive sector for higher profit per unit. Thus in the past two months Nissan has launched its new 300 ZX sports coupes— one of which is Nissan's first 150 mph car—and a 130 mph coupe, the Silvia, aimed at the £9,000 sector.

Taken together, these develor depend heavily for improving ments mean that the UK its fortunes.

Semilarly, Alfa Romeo can verge of becoming even more competitive than for many years past.

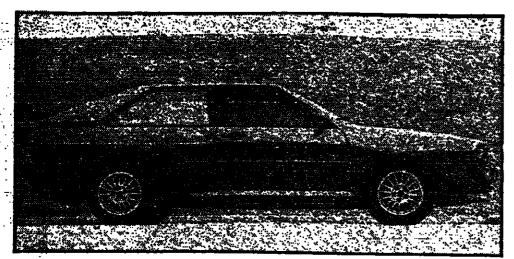
> 当录:"你"。" देश कर १३ है।





Cars that are valued above their price. por ingroposation control four local yar coealer or fleet services w

#### **EXECUTIVE CARS 3**



Cars such as this Audi Quattro can be up to 40 per cent cheaper in some Continental markets such as Belgium than in the UK, though the differential depends on exchange rate fluctuations. Europe's manufacturers are fighting EEC plans to "harmonise" prices next year

### Decision on parallel imports still awaited

practice intended to ease some of the problems created by the been waiting somewhat im-unofficial import to Britain of patiently since the original trial cars from other Common Mar. period ended. ket countries,

have a six-month trial but, like so many projects where government departments are con-cerned, a year has passed and an official verdict on the new system has still to be given.

The code was not designed to

open up a flood of "grey" im-ports to Britain but would have helped and British fleet manager interested in buying his executive cars elsewhere in the

To register (and therefore insure) a car in the UK a fleet buyer must have a certificate stating that the vehicle meets British safety and technical standards. Some official import companies and UK manufacturers have been reluctant, to say the least, to issue these certi-

The proposed new code insists that a certificate called in the trade's jargon a sub-mac in the mo certificate—must be provided endemic. to anyone who asks for one.

The snag, so far as the fleet manager is concerned, is that the manufacturer or importer is almost duty bound to inspect the car (or cars) to make sure it meets the required standards before issuing the certificate.

There was to be no immediate of those dealers which things to the system where an volunteered a reduction with salividual importing his own out being asked, 75 per cent are previously used in an EEC offered between 10 and 15 per cent, 23 per cent offered between to produce a sub-mac tween 5 and 10 per cent and certificate before the car can be only 2 per cent offered under erificate before the var on 5 per cent.
Of course, there are

posed code, the then Secretary known is Mercedes. Although for Transport, Mr David Howell, sales of Mercedes cars through made it clear that his main the manufacturer's own Import concern was that unofficial company have grown steadily

#### Goals

"The arrangements set out in the code of practice are designed to enable both these yoals to be achieved," he added. "When I am satisfied that When I am satisfied that

"You haven't bought a Mersities new arrangements are cedes before, have you? In that
working effectively and will case, we can give you a one per
continue to do so. I will review
the terms of the personal
import exemption from national
import exemption from national
itype approval (that is the
necessity for a sub-mac cartification).

"You haven't bought a Mercedes before, have you? In that
case, we can give you a one per
cent introductory discount."

When a fleet manager runs
into that kind of stone wall he
will find it worthwhile to shop
elsewhere in the

What this implied was that worried about without certificates assuring they met UK standards might take some action to sense. take some action to separate what the trade calls the genuine" personal importer, such as the diplomat, serviceman or businessman returning from a tear overseas and bringing bis car to Britain, from the carrest state only drives the new person who only drives the new car from the Continental dealer porting it.

some time restriction—perhaps that the car should have been that the car should have been driven on the Continent for six months before the vehicle writing to the Department of mould quality as a bona fide personal import.

And the society was hoping Copies of the new code are available on application in writing to the Department of Transport, Vehicle and Components Division, Room 8/17, Tollgate House, Houlton Street,

ABOUT A YEAR ago the that the code of practice would Bristol BS2 9DJ; or to the Society of Motor Manufacturers prove suitable and quickly be and Traders (SMMT) reluctions followed by action along these tantly agreed to try a code of lines by the Department.

Any complaints about the way For this reason the SMMT has in which an application for a

In January and February this The code was supposed to year the Department circulated ave a six-month trial but like various consumer organisations to see if they had any criticisms about the way the code was working out in practice. Appar-ently no significant criticisms

have been made.
All the Department will say at the moment, however, is that the code is "still under review by officials and the Minister" and will continue to be used until a final decision is forth-

Estimates suggest that 60,000 to 70,000 "grey" imports came into Britain in 1982 but since then the impetus seems to have gone from the trade as sterling came more into line with other Common Market currencies.

But perhaps the major factor has been that for the past two years or more list prices for cars of all kinds have borne little cost in Britain, since discounts in the motor trade have become

#### **Discounts**

A recent survey by the Motor Agents association, for example, showed that three out of four dealers will offer a substantial discount on a new car sary before the certificate can be issued, the Department of Transport has warned, "there could be a substantial charge."

There was to be no immediate the country of the certificate can be no immediate the country of the certificate can be not considered before any bargaining takes place range from 10 to 15 per cent in most case.

tions and perhaps the best made it clear that his main the manufacturer's own import concern was that unofficial company have grown steadily imports might constitute a danger to road users.

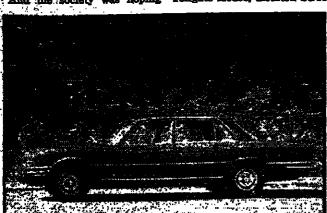
"The Government is con hamber-Benz has been careful cerned to ensure that all not to let supply catch up with yearlies used in this country demand. So customers seem in the country and environ more than willing not only to mainfal standards through com- wait for their new Mercedes phiance with the appropriate cars but also to pay the relative approval requirements. But it is also anxious that the purchaser's choice of supply should not be impeded.

One ficet manager asked a multi-franchised car sales organisation with which he did considerable between much organisation with which he did considerable business how much discount he could get on a Mer-cedes. "Nothing," he was told. The fleet manager pointed out how much other business he provided and the car salesman

will find it worthwhile to shop elsewhere in the EEC—because that is what the Common Market is all about.

Much of the hassle will also be removed from the "grey" importing deal if the company concerned has a subsidiary in another EEC country where list prices are much lower to handle negotiations there.

Dealers anywhere in the Common Market are obliged to supply right-hand-drive cars and vehicles with UK specifications when requested to do so by a potential British customer. And the code of practice ensures that the fleet manager The SMMT has argued that will not have any problems to Department should insist on getting the sub-mac certificate getting the sub-mac certificate when the car arrives in Britain. Copies of the new code are



ercedes-Benz 450SEL limonsine. The company pursues

### Tax perks beat the crackdown

THE GOVERNMENT'S crackdown on the company car, one of the most attractive tax perks, has had a significant effect on the executive car industry, though the Inland Revenue has not succeeded in curbing the use of this very popular perk as much as it had hoped.

The industry has responded by developing increasingly sophisticated car allocation policies, drawing up tables of break points and cut-offs in valuing vehicles for tax purposes; putting together packages which take in the various elements of employee taxation, financing of the ear and operating costs to determine the best car in particular circumstances.

The accompanying table shows the different scales of cars and alongside the carbeneits in force at present and the new ones, announced in the Budget which will apply for 1985-86. In recent years the Treasury has in-creased the benefits at a rate greater than inflation.

Scales were first introduced in 1976, a diversion from the normal practice in most countries where employees are taxed directly on the benefit of the private mileage done in a company car. The

minimum salary at which an employee becomes liable to tax is £8,500 and remains unchanged. As the years pass and average salaries rise, then more people find themselves caught in the taxable bracket.

Employees allowed the private use of a car will pay tax at the highest marginal rate on the scale benefit. There will be an additional charge where the employer provides petrol for private

All sorts of anomalies can be found within the regu-lations. The original market value of the car, for example, is used as a basis of a tax charge. The value is determined by the price which the car might reasonably have been expected to fetch if sold in the UK in a retail sale on the open market, immediately before the date of its first

An anomaly pointed out by Brian Friedman, a tax manager at Coopers and Lybrand, in the Tolley's Company car tax guide 1983-84° arises in connection with the assessment of vintage cars.

Vintage cars are generally provided as prestige cars and may well have considerable market value. "Nonetheless,"

#### CAR AND CAR FUEL BENEFITS

The taxable cash equivalent of company car and car fuel benefits are varied by Treasury order. The order dealing with the scales for 1984-85 was laid before Parliament last year and the order increasing the scales for 1985-86 will be laid before Parliament later this year though the figures have already been announced.

The normal scales for both years are as follows:

1984-85 scales			1985-86 scales		
	Car benefit	Fuel benefit		Car bene£t	Fuel henefi
	£	£		£	2
Cars costing up to £16,000			Cars costing up to £17,500		
1,300 cc or less	375	375	1,300 cc or less	410	410
1.301-1.800 cc	480	480	1,301-1,800cc	525	<b>ā25</b>
Over 1.800 ce	750	759	Over 1,800 cc	825	823
Cars costing £16,901-			Cars costing £17.501-		
£24.000	1.100	750	#26.500	1.209	825
Cars costing over £24,000	1,725	750	Cars costing over £26,500	1,900	825
<ol> <li>Both car and car fuel so miles or more in the tar</li> </ol>		duced by 50	) per cent if business mileage :	eccounts fo	r 18,00

The car scale is reduced by approximately one-third if the car is over four years old at the end The car scale is increased by 50 per cent if the car is a second company car or the business

mileage is less than 2,500 miles in the tax year: The car scales are reduced pound for pound for contributions which the employee may be re-

quired to make for his private use.

The car fuel scale is reduced to nil if the employee makes good the cost of all fuel used for private journeys (including travel to and from home and place of work). Source: Ernst & Whinney

driver's salary and the amount he drives on business. savs Friedman. " vintage cars says Friedman, Vintage cars will fall into one of the lowest categories of car benefit (the original market value will be less than £14.000 and the car will be over four years of age) and will therefore give rise to

an unrealistically low tax charge." The scope of scale charges vers all the benefits sociated with the provision covers of a car with a few exceptions. They include petrol for private motoring, covered by another scale benefit and the provision of a driver where the benefit depends on the So-called "perk cars" attract

a higher tax as they are con-sidered inessential to the business. According to Friedman, a perk car attracts tax on 150 per cent of the scale beneat when an employee's business mileage in the car is at an annual rate of 2,500 miles or less. Similarly, if an employee gets two company cars, and one is used less for business purposes, that will get the 150 per cent

charge. Recent research contained

in the Monks Guide to Company Car Policy, 19847, reveals that second cars are likely to remain a rare perk confined mainly to some chief executives in parent com-

panies. "Tolley's Company Car Tax Guide 1983-84. Tolley Publishing Company, Tolley House, 17. Scarbrook Road, Croydon, Surrey. †Monks Guide to Company Car

Policy, 1984. Monk Publications, Debden Green, Saffron Walden, Essex CB11 3LX.

Alison Hogan

**AUSTIN ROVER** 

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accredited representative first

should be made in writing to

the society at the above

Kenneth Gooding





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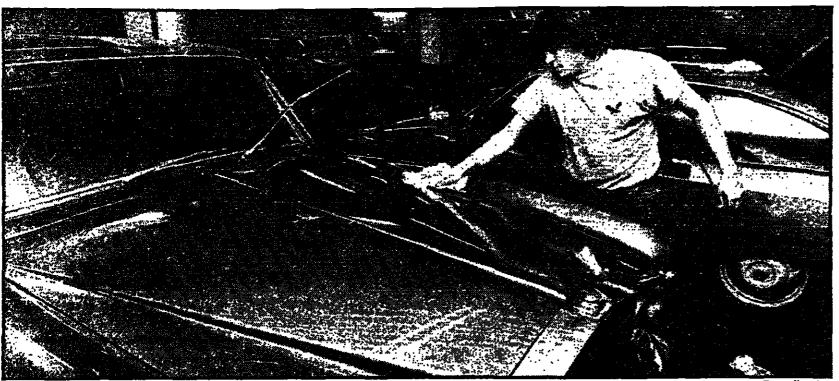
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\*Manufacturer's data.



UK business spending on cars is considerable yet many fleet managers are not achieving cost-effectiveness

John Griffiths finds there is growing concern about the pitfalls of running a fleet

### Operational costs fox many companies

IF THERE IS one generalisa- charged with running a busi- hiring a vehicle—involving pay- the lease period is flexible, tion to be made about the ness's cars could properly ing a fixed sum for the vehicle The other frontrunner is purchase, operation and dis- identify the pros and cons of per month with all the resale the "balloon" lease, which operation and disposal of cars by an estimated it is that an unnerving number

This at least is the weight of evidence from a number of surveys on the issue, including one from the British Institute

The BIM study last year, for example, found that while three-quarters of the companies it surveyed claimed operated their cars effectively, only about a quarter could identify what any indivi-dual car was costing them to

Market researchers Makrotest, in an update this year on a major study carried out in 1991, has concluded, however, that at least there is growing concern among companies about vehicle costs—even if there is not much improvement in the degree of sophistication with which many

This is despite the fact that even the most conservative estimate would put business spending on cars last year at £4bn. A further study by James Bellim Associates last year appeared to have some justification for declaring that business car management suffered from "myoplas."

#### Warranty

The pitfalls, in terms of costs, in the executive car market can be considerably deeper than in the volume sector. This is not only because depreciation can be so much higher per unit, but because the cost of out-of-warranty mechanical failure can be prohibitive. For example, a replacement engine for some of the more expensive imported

identify the pros and cons of per month with all the resale the four main forms of acquisiand operating risks borne by tion: cash, hire purchase the hiring company—is one finance leasing and contract approach, and one which is

But the most effective decision-making involves the taking into account of many more complex factors, and will depend on the tax position of any given company.

In particular, as the UK economy moves further out of recession, an increasing number of companies are finding cause to examine whether it is more efficient to use their own tax allowances for outright purchase rather than opt for some type of easing.

Leasing itself takes several

of the lease, the resale risks are making the running in the lease borne by the company which has used the vehicle even specialists reporting growth though the leasing company rates of at least 15 per cent. retains ownership of the vehicle. According to the updated within control of Makington to the updated within the control of the vehicle.

achieves lower monthly payments than other leasing forms through being calculated But the most effective cision-making involves the king into account of many ore complex factors, and will epend on the tax position of the lease when the car is sold.

#### Difference

The snag is, of course, that if the car fetches less than pre-dicted, the lessor company or individual must pay the differ-ence (though the lessor pockets the difference if it fetches

The other principal form of leasing is contract hire, usually Finance leasing entails long. All the evidence suggests that term hire where, at the end it is contract hire which is

contract hire (10 per cent in 1981) and 9 per cent by finance leasing (7 per cent)-equivalent to growth rates of 51 per cent and 22 per cent respec-tively over the two-year period. In the same time, Makrotest concluded, purchase for cash had declined by 10 per cent and hire purchase by 5 per cent.

The leasing and contract hire companies claim that behind their growth is a changing business attitude towards cars. Companies would not dream of buy-ing and laundering their own towels for washrooms, they point out—and since the busi-ness car is basically a service item, they suggest that more and more companies are treating it as such, opting for leasing and putting the capital saved to better use in the mainstream

The "converts," however, remain very much in the minority.
Outright ownership may have shrunk, but companies opting for it still make up about 75 per cent of the total. And Makrotest forecasts that the figure will still be over 70 per cent at the end of 1985.

### Hidden price of giving employees free choice

IN RECENT YEARS, particularly since the last recession began, one of the sounds emanating from some companies transport departments has been that made by the sucking of burned fingers.

It has arisen from a too-iberal extension of "userliberal extension of "user-chooser" policies, under which an increasing number of employees have been given a choice of company cars within given price bands. In many cases the true costs of offering this choice—by the time a car has been eventually resold— have come as a considerable

A willingness to allow middleranking employees or repre tatives to stray outside of the offerings of UK-based volume producers in favour of some rather more charismatic imrather more charismatic imports has resulted in some unpleasant awakenings in terms of high running costs and extremely poor residuel values. If the shocks were nasty in relation to volume cars, where initial purchase prices are relatively low, the consequences of allowing executives free rein were sometimes horrendous. In the trough of the recession the trough of the recession some of the imports chosen not some of the imports chosen for only had high running costs but achieved not much more than 30 per cent of the original purchase price on reside after two years

Several surveys of company car policies in the past year have indicated that the "user-chooser" policy is becoming more restricted, at least in terms of allowable models, as the lesson has gradually been learned.

To steer companies, and their executives and employees, away from making such possibly rash choices in the first place is just one small part of the functions of a growing element in the business car scene—the professional fleet management com-

panies.

Easing the pain of choices already made, by exploiting the most cost-effective disposal methods and keeping tight before the fact rein on repairs, service and maintenance, are others—while it has ance, are others—while it has not been unknown for such com-panies, given their bulk pur-chasing muscle on behalf of a wide array of clients, to prise discounts out of executive car manufacturers where in theory no such discounts are allowed.

A COMPUTER.

The fleet management companies say they have a particular vehicles. Both have been excluded to play in the executive car periencing similar growth rates, field where, they claim, the of 12 per cent a year or more, numbers of vehicles may be relatively small but the savings per unit can be highest, and by exclude for a long time. The essence of fleet management companies and the first fleet management companies and the fleet management companies and the first fleet management companies and the fleet management companies and the first fleet management companies and the fleet manageme

a firm of partners to want —to use in Gelco's case, the almost complete freedom in vast array of fleet acquisition. their choice of vehicle, freedom of financing period and partici-pation in the disposal process. Guiding those decisions, which may involve a complex array of the most competitive "whole very up-market cars, is very much a job for professionals, management companies

argue.

However, the net cast by the management companies spreads very much wider. For example:

In the late 1960s, the transport In the late 1960s, the transport manager of a company with a fleet of several hundred cars had one driver report in with a badly-scored front brake disc. This is an expensive item, and the transport manager felt it stream business are big controlled intervals as a preventive ways.

Equally, he is happy to admit that there will be another seed for the business vehicle market—particularly where cash flow or the need for major new capital investment in the maintenance of the description of the business which can be a preventive siderations—where combract hire, in which the vehicle is intervals as a preventive measure. A similar check was instituted on tyres.

#### Forward thinking

Both measures might be seen

Both measures might be seen as a bit of sensible forward thinking by a manager taking his job seriously. "The trouble is," says Mr Roy Foster, "nothing happened for the next 15 years. During that time the checks cost that company literally tens of thousands of pounds, plus lost time for its drivers."

And the irony, says Mr Foster, "is that it took us a long time, when we assumed management, to convince that company that the checks simply

were not necessary."

Roy Foster comes upon dozens of cases like that each month during the course of negotiations with companies which, many of them spurred by recession, have grown un-easy about their vehicle fleet costs and decided to investigate the pros and cons of profes-sional fleet management.

He is director and general manager of Gelco Fleet Leasing and Management, the fleet management subsidiary of the U.S. owned Gelco International Corporation which, like its contract hire division, is based at

a big margin.

The essence of fleet manage.

It is natural, for example, for ment is "before the fact" control operating and disposal facts now life" costs; to run them, using prior authorisation techniques for any service or repairs to prevent abuse by garages, or even drivers; and to dispose of them in the most rest effective. them in the most cost-effective

leased, with all running costs borne by the lessor, will be a logical alternative.

Gelco sees the best operating method for itself as heing to

method for itself as being to provide both, with many variations to suit clients' individual needs. Mr Foster says: "There's no reason why in future we shouldn't have a kind of "Lego" system where the client picks out the precise bits of any of the packages to suit his own needs."

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The approach is rather dif-ferent from that taken by PHH Services, also U.S.-owned but based in Swindon. Like Gelco.

it has been operating in the UK for about 12 years. Mr Nick Suddaby, its deputy chairman, has kept PHH exclucharman, has kept rain exam-sively in the fleet management field. He says that PHH now manages 150,000 vehicles in the UK which would make it by far

the largest in the field.

Mr. Suddaby reports spectago-lar growth during the past 12 months. Of that 150,000, he says, a third have been picked up since the end of 1982. The number of approaches has been staggering, he claims, and attributes them to companies having become "much more open-minded to professional management, now that the re-cession has made them recog-nise the enormous cost vehicles

companies tackle the problem. executive cars can exceed that The findings of its 1981 survey made depressing reading:

Seeking to minimise the cost the most popular variations is of the total business car market the "open-ended" lease, where in 1983 was being served by The two divisions between NEW ADVANCEMENTS IN LCD DESIGN. ABLE FROM AC... 13B e 135 COOLANT TEMP 85-DILTEM 255 IT'S ANALOG. DIGITAL. METRIC.

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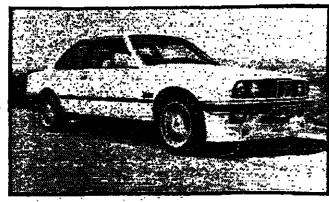
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car of the year 2000



The 132 mph BMW Alpina Cl

#### Lucrative business in conversions market

THERE IS now a burgeoning market throughout Europe for cosmetic and engineering conversions to manufacturers' standard models. It is symptomatic of a lessening concern standard models. It is symptomatic of a restering concern among many bayers about economy, as a result of stable fuel prices and the emergence from recession.

In the 1960s, such conversions and "bolt-on" additions tended to be confined to the cheapest end of the market; now Jaguars, Mercedes and EMWs are prime targets for the conversions, which can cost £10,000 or more.

Volkswagen's white Golf GTi convertible

It is providing lucrative business for companies such as AMG, Lorinser—now rep-resented by Wood and Pickett in the UK—and Kamei of West Germany, operating exclusively in the aftermarket; and in the UK, companies such as Cartel.

#### Sport

While much of the business is sport-orientated. UK consport-orientates, Ok con-cerns such as Colman and Milne have found a ready, market for "stretched" and upgraded limousines based on Ford's Granada, while Avon Coachwork recently has begun to market much-elongated limousines based on the Volvo 760, as well as an open-top version of

The manufacturers them-selves use the conversion

Aston Martin Tickford to build its open-top "cabrio" model launched some months ago; while Karmann in West Germany is used by Ford, Volkswagen and others to build cabrio versiogs of models such as the Golf and Escort. High performance Escort. High performance Alpina conversions of EMWs are marketed through the manufacturer's own outlets.

Jaguar has become a parti-cular target of converters since its new-found reliability and sales successes: Tom Waland sales successes: Tom Wal-kinshaw Racing, which runs Jaguar's racing team, is now building a £30,000-pius con-version of the XJ-8, the Jaguar Sport, while Forward Engineering of the Midlands has revived the Lister Jaguar name, famous for its racing successes in the 1950s, for an

Volkswagen's research division at Wolfsburg, from which came VW's "Auto 2000" concept car a couple of years ago—a vehicle which incorporated several of these features. The car industry, particularly in the executive car sector, is already travelling quite quickly down some of the avenues reviewed by Dr Sieffert.

The on-board computer is

of today's cars:

using an electric motor only at low speeds and using a small

petrol engine to charge the batteries and provide extra

Equally, it could be a much more efficient diesel than the

current variety, or be powered by liquefied petroleum gas;

• Continuously variable transmission will be fitted, to match

the gear ratio to the engine's most efficient operating band.

Broadly similar in shape to today's cars, but more aero-

 Much quieter, safer and less polluting; probably with four-wheel drive, anti-skid braking and the engine compartment encapsulated to reduce noise;

● It will be controlled by several computers, and be equipped with an electronic guidance and information

Dr Sieffert is well qualified to

look into the automotive crystal ball: he is executive director of

proliferating, as is four-wheel-drive (both General Motors and Ford are expected to offer it on their new executive cars within the next couple of years). And anti-skid braking is starting to appear on cheaper cars than the

mission is making its debut in Europe this year, in a version of It will travel twice as far on the Ford Flesta and smaller Flat models. Within two years, General Motors should be producing VCT for larger cars, of about 1.5 litres, at its Strasbourg plant. As the problems of building such transmissions for more "bus" line — a two-wi a gallon of petrol as a current It will be made largely of plastic and aluminium, with steel only 50 per cent than that ● The engine may well be a gas turbine, capable of running on a variety of fuels, or it may even be an electric-petrol "hybrid," powerful cars are overcome, they should spread increasingly

into the executive car field. VTV systems overcome the age-old problem of conventional automatic transmissions, in that there are none of the power losses associated with the automatic's torque converter.

To illustrate, VW's experiments with CVT have shown that not only is it more eco-nomical in terms of fuel used, not even the most adroit of drivers can match CVT on acceleration by manual gearchanging. For example, a Golf fitted with CVT consistently accelerated to 60 mph in 12.5 seconds, against 14.2 seconds when the same engine was mated to a manual transmission.

The decision on which of the CVT's many gear ratios to use at any given instant, as CVT becomes more sophisticated, will of course be made by computer; or one of the computers
— for by the later 1980s
executive cars in particular are likely to be fitted with three or

#### **Functions**

GM, for example, put an on-board computer, governing basic engine functions, in every one of its cars in 1981. By 1986, some of its cars will have seven, says its chairman, Mr Roger Smith. These will be able to issue 38,000 command instructions governing every aspect of the vehicle's performance. "Even so," he declared at a

recent London conference, "we have barely begun to discover how many ways advanced electronics can be used in cars and trucks — the sky's the limit."

But if the precise uses to which they will be put for the moment remain a matter of unmost expensive Mercedes and moment remain a matter of un-BMW models on which it was certainty, the systems which first offered (it is fitted, for will allow them to operate is

IN BROAD TERMS, Dr Ulrich example, to Honda's Prelude not. Virtually all major manuthan the conventional car facturers now are intensively average, the following picture of the Continuously variable transdeveloping the "multiplex" And with the "Espace," as typical car of the year 2000: mission is making its debut in systems which will be the nerve the new car is called, Renault centres of executive cars before

> They consist of a "master" computer with subsidiary control centres scattered about the car and connected to the "master" via a single multiplex "bus" line — a two-way information line. The implications for weight-saving are considerable — Ford says three metres of multiplex would replace 19-20 metres of wiring loom.

> BMW will be utilising the concept from 1986, when the first of its "self-diagnosing" 7 and 6 series cars go on sale. On these, computers will monitor virtually all wearing components of the car and be capable of projecting the life of any given part when the car is taken in for service.

The system under which parts will be replaced only at need and not as a precautionary measure, coupled win other improvements, will mean that 1986-onwards BMWs will require only 40 per cent of the level of 1982 cars' servicing, the West German manufacturer claims.

As for aerodynamics, the past popular assumption that low drag factors must automatically be associated with the sleek wind-cheating shapes of cars such as Renault's new 25 executive car (claimed drag co-efficient 0.28) and Audi's 100 (0.30) is being shaken by the emergence of new types of vehicle which, Ford goes so far as to suggest, could even become the standard car shape of the 1900s.

These are van-type "people carriers," and Renault this month will launch the first production model of its type in Europe. It is not a van, but

the 1990s.

bas a sharply-sloped front and is described by Renault as a "one box" saloon.

It is only 14 feet long, but can seat five or seven and has highly flexible load space of 30 to 106 cubic feet. Its performance is nowthing but you like ance is anything but van-like, with a top speed approaching 110 mph.
No less important, despite its

the new car is called, Renault and Matra, the French aeroand matra, the French zero-space glant which is Renault's partner in the project, appear to have taken a double step towards the future, for the car's entire body is of weight-saving plastic which, of course, also does not rust.

Significantly, Renault is manu-facturing the car itself—Matra has built limited production models for Renault in the past and at a high initial rate of 250 vehicles a week.

#### Flexibility

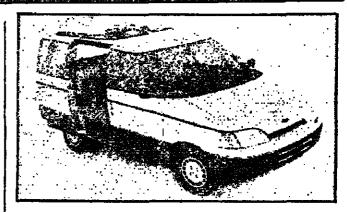
A key question for the future would appear to be whether cars of this type will remain simply convenient vehicles for transporting large families, or whether their obvious advantages in terms of space flexibility, in the case of the Renault seemingly at no cost in terms of performance or handling, will see them play a wider role. For example, at the Tokyn Motor Show last year, Toyota showed a van-like vehicle with flexible accommodation and the following other facilities: A key question for the future following other facilities:

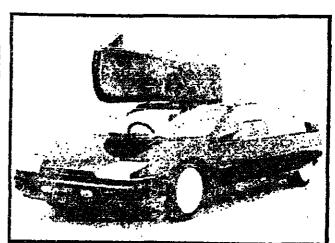
A traffic information monitor radio; a road guidance system; a telephone operated by voice recognition—thus allowing the driver to keep his hands on the wheel; a data terminal capable also of receiving external transmissions and a document facsimile receiver.

Now take another point made by Mr Smith in London: that a huge acceleration in technology over the next few years means that the industry cannot yet even be fully aware of the options available in terms of the products it might produce and that the wider options in turn will make consumers ever more selective and demanding.

Given Ford's statement that the van-type car could become the standard product of the 1990s, and the Renault and Toyota developments, could it be that some of the executive cars of the 1990s will turn out to be compared to the second the second to the second the second terral terra to be very different creations from the current mainstream

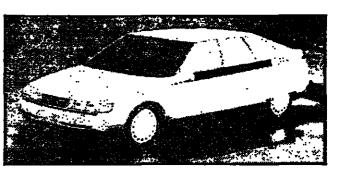
John Griffiths



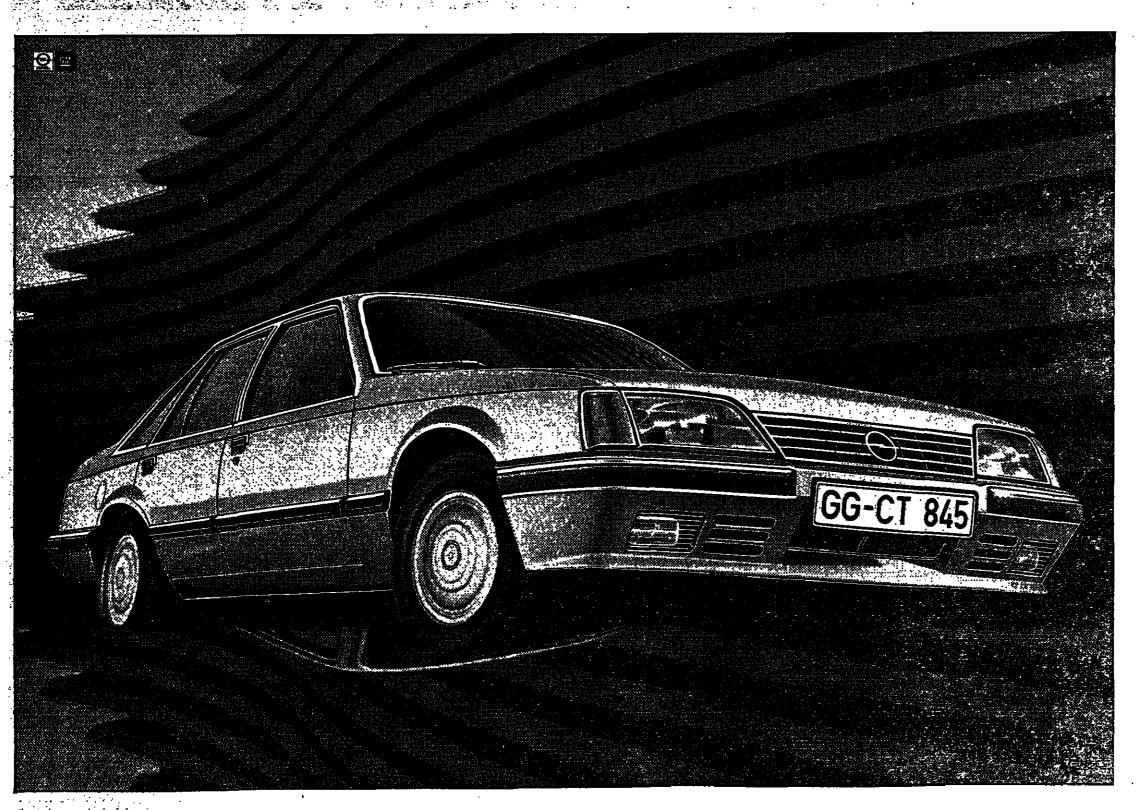


Top: Ford's seven-seat Ghia APV, seen by Ford as a possible shape for the 1990s. Above: Nissan's NX-21 concept car has bi-folding gull-wing doors and mock-up ceramic gas-turbine engine. Below: the new plastic-bodied Renault Espace. Bottom: Mazda's MX-02 car features four-wheel steering for sideways parking and better steering on the road





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It's designed for the discerning driver who will not settle for less than the Opel standard of design, efficiency and safety.

The sleek body is wind tunnel proven for aerodynamic efficiency. Fuel-injected power units of proven reliability give you matchless performance. Chassis and suspension were tuned to give impeccable ride, effortless control and roadholding seldom equalled in its class.

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You can find out for yourself about the driving qualities of the Opel Senator by contacting one of the 3000 Opel dealers in Europe.



### The perplexing problem of image

Volume producers KENNETH GOODING

A DEBATE taking place within General Motors' European operations is about whether the U.S. group would sell more executive cars in Britain if its Opel Senator was re-badged as a Vauxhall.

Those against the change insist that by retaining the Opel label for the Senator, GM can benefit from the considerable goodwill for West German engineering products which exists in Britain.

The Opel badge sets the vehicle apart from the Vauxhall "volume" cars, giving it an up-market, "import" image suitable for a car in its category, say those supporting the status

Fleming, Vauxhall's chairman, said recently: "When someone in a £14,000 car pulls up at the traffic lights and someone else in a £5.000 car comes un alongside and both cars have the same badge—the person in the £14,000 car does not feel comfortable with his purchase."
But there are those within

GM's European hierarchy who, while accepting that point of wine accepting that chauvinism view, believe that chauvinism counts more than image in the UK executive car market. Mr John Bagshaw, executive

director sales, service and parts, General Motor passenger car— Europe, reckons that Senator sales would benefit in Britain if the change was made because "Vauxhall" to fleet managers means "British" and they prefer to buy British vehicles.

Supporters of a change for the Senator point out that although Ford's Granada has

true story about the area police committee which drew back in collective horror when asked to approve the purchase of year and the model accounted





John Fleming (above), Vauxhall's chairman, and John Bagshaw, GM European sales director: both face the fleet managers' preference for 'British' vehicles

BMW cars. The obvious for 18 per cent of the executive questions were asked: Why did car sector.

Compared with that, about What was wrong with buying British? So the police force with the

blessing of the committee, can-celled the order for BMWs and bought half a dozen Granadas The committee, apparently unaware that Ford builds all the

Granadas in Germany, believed the police were, after all, "buy-ing British" by buying Ford. The volume manufacturer who wants to offer a full range of cars, from the mini to the executive express, certainly faces a difficult problem.

Executive car buyers are often obsessed with "image" and usually by choice would opt for a car from one of the manu-facturers who are perceived to make only up-market cars.

The attitude is summed up in the phrase: If you can afford a

tive car in Britain last year-almost certainly because the fleets also see "Ford" as being "Britain."

The phrase: If you can afford a top-of-the-range Granada at \$11,200, why buy a Ford?

In Britain, the answer frequently is that the rest of the cars in the company's float and the company and the com For example, there is the wishes to remain loyal to one

2,040 Senators were sold, a useful increase on the 451 for 1982 but well behind the Ford model. However, GM's executive car range in the UK also includes the Vauxhail Carlton which straddles that area between the Cavalier and the

GM carefully revamped the Carlton range to make it more attractive to the UK fleets—and also concentrated all assembly in West Germany whereas pre-viously there was some output

As a result, Cariton sales last year jumped from 2,640 to 17,080 and the model's share of the executive car sector from 2.2 per cent to 12.8 per cent. Ironically, the debate about the use of either Vauxhall or Opel for GM cars in Britain has no counterpart in Continental

Europe. GM withdrew the Vaux-

hall brand some years ago because of the sales resistance to British-built cars.
And there is no set pattern among the European companies which have more than one marque or brand for their cars. Mergers have provided Fiat with Lancia; Volkswagen with

Audi; BL with Rover and resulted in France in the Peugeot-Talbot-Citroen

Pengeot's policy, partly thwarted by its lack of funds, was to have a full range of cars under each badge. Fiat reserved Lancia for upmarket vehicles but, because Italy, in its domestic market, prefers small cars, includes those in the Lancia range as

Confused

Volkswagen, however, is in the process of establishing a clear-cut image for Audi as a maker of executive cars, not run-of-the-mill runabouts. And, to capitalise on the demand by West German customers for cars incorporating "high tech-nology," all the Audi models will be made available with four-wheel-drive,

until recently because the Rover was firmly established as an executive-cum-luxury car at the top of the Austin Rover range. Now the image has been confused by the introduction of a that is much smaller than in the past and uses an engine of only 1.3 litres.

Honda Ballade and the decision to change from using the Triumph badge was hotly debated within Austin Rover. Certainly the Rover Acclaim hardly qualifies for the executive sector because of its size. One new car which does come

into the executive class is the Renaust R25 on which the French group spent FFr 1bn (about £91m) to replace the R20 and R30 models.

Realistically Renault does not believe the R25 can capture many sales from the specialist groups such as BMW, Mercedes,

Rather it contents itself in the belief that the R25 can win sales from other volume makers' top-of-the-range cars such as the Granada, Senator, the Peugeot 604, Citroen CX, Audi 100 and BL's Rover

Renault says that customers who are interested only in "image" or "prestige" cars will never be converted to buying from a volume manufacturer. However, in Europe that "image" and "prestige" sector

is on the wane. The R25 offers the dedicated Renault driver a chance to con-time to drive a Renault when he wants to move up to the executive class. The car will not be short of competition in

the next year or so.

Ford is expected to replace the Granada early in 1985 (probably giving a first public viewing in the autumn this year). "Sneak" photographs of the new Granada show its concept is similar to the aerodynamic Sierra.

Austin Rover is only a year away from launching its XX, Rover replacement. A version of XX, with a clearly-defined different identity, will be made by Austin Rover for Honda, its anese partner in the project.

to sell throughout Europe. The result of another joint scheme, between Fiat, Saab and Alfa Romeo, is beginning to make an impact on the execu-

The co-operation has spawned the Saab 9000, the Swedish group's new flying flagship, the Lancia Thema — both already publicly previewed — and eventually will replace models as diverse as the Flat Argenta Lancia Trest and Gamma, Affa Romeo Alfetta and Alfa Six.

Kenneth Gooding



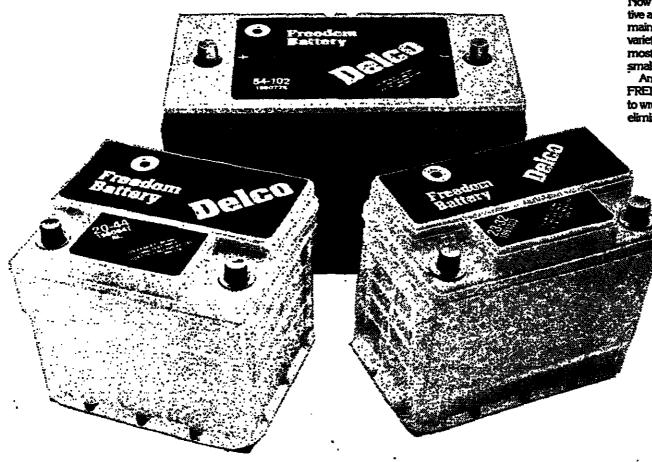




Top: the Ford Granada, expected to be replaced in 1985. Centre: Rover's 2400 SD Turbo; a Rover replacement is also on the way. Above: carrier of Volkswagen's up-market badge is the Audi 100

Z 22 ...

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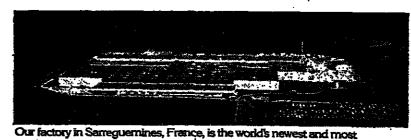
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### Specialists go for quality and turn the tables

**Medium-sized** producers

JOHN GRIFFITHS

THERE IS considerable irony in the fact that, in Europe, the volume car makers—those producing in units or more each year such as Flat and Peugeot -are now looking with some envy at the smaller producers, not the other way round.

Just a few years ago it was thought that the smaller pro-ducers, making about 1-2m units a year or fewer—notably Daim-ler-Benz, BMW, Volvo and Saab —would have a tough time compared with the volume manufacturers. They would lack the large producers' economies of scale, and would find it difficult to fend off the increasingly sophisticated cars produced by the volume makers in their own pursuit of the high profits available in the executive car field.

It has not worked out like that, Instead it is the smaller that instead it is the smaller producers who often have the healthiest balance sheets, and who are building sales without throwing away their profit mar-

There are many facets to the explanation of how this situa-tion has arisen. But the catalyst for the chain of events which has led to it undoubtedly was the oil crises of the 1970s. Under its pressures, cars needed to be made more fuel efficient, and to be produced more efficiently.

with a growing problem of how aspirations are likely to have identity. In general, the volume manufacturers have not fared so well in this respect as the specialists, mainly because they are selling in the mainstream of the market. They have not dared the identity and the market. They have not fared the image on the identity of the market. They have not fared the identity of the market. They have not fared the identity of the market. They have not fared the identity of the market. They have not fared the identity of the market. They have not identity of the market. They have not identity of the market. They have not identity of the identity of the market in the mainstream of the market in the mainstream of the market in the mainstream of the market in the market manufacturers have not fared stronger product identities. And so well in this respect as the specialists, mainly because they pressure on the specialists to are selling in the mainstream of the market. They have not dared risk being too radical in their design approach, and the movement of the market into clearly-defined product sizes has grown almost uninterrupted— also meant that in each sector until the metalworkers' strike— accounts for over half of BMW is counter which, accounts for over half of BMW that accounts for over half of BMW the succust of the smooth, it unveiled its first calle, sales. Thus at the lower end of the scale, BMW is competing successfully with the main-stream products of volume manufacturers. But the Munich company is not content to leave it there. Increasingly, it is form on which Lancia is build-attacking the higher ground of ing its "Thema" executive car

they are locked into fierce price struggles with each other. In contrast, the successful specialist producers, by aiming at a specific slice of the market,

have been able to benefit from a simplified product range around which a distinctive image can be built: BMW as a sporting executive car producer, Mercedes with its perceived quality engineering, Volvo for its safety, and so on.

All have adopted premium price strategies, and in their marketing have made great efforts to protect residual values. In the past, they had no option but to undertake such strategies, for they could not compete directly with the volume makers on production

Even the last factor has changed: the introduction of flexible manufacturing systems means that the former cost penalties facing the specialists are rapidly fading. And even where the development of very expensive specific components, such as engines or body platforms is concerned, collaboration agreements can make them available to the smaller manufacturers at economic prices.

Recently, there has been a growing grey area between the products of the volume makers gins by discounting— even though the current metal-workers' strike is posing a threat to the immediate pros-pects for Daimler-Benz and BMW, for example; Renault's new 25 executive car, ever-faster and more ever-faster and more sophisticated Audis and, in the other direction, Mercedes' launch of its smaller 190 model.

However, there is an under-lying factor which works initially in favour of the distinctive images of the specialists and it is pointed out by Mr Mark Snowdon, mandirector of Austin Rover. \_ managing He says: "There is a con-

Inere is a continuing growth in the aspirations of people to seek their tions of people to seek their own identity. Increasing more aerodynamically-efficient affluence helps them to fulfil shapes, lightness and greater these aspirations, and the car is fuel efficiency has seen manual a major factor."

So with hearingly similar answers.

Equally innered:

throughout the worst of re-cessions, reaching 476,180 last recently launched its M635Csi although Saab stresses that the year. Its Bremen plant has been coupe model, with a top speed cars share a total of only 12 year. Its Bremen plant has been coupe model, with a top speed turned into a second car pro-duction unit to join Sindel-fingen and it had planned to performance products, possibly produce half a million cars this offering four-wheel-drive, are in

Crucially, its Sierra-sized 190 models, launched in the UK this year, have been well accepted, with 168,000 built so far. Defor the car, says Mercedes, is running well ahead of pre-strike output of 2,200 190s a day.

Further, the company is taking very definite steps in terms of its image: alongside its reputation for high-quality engineering has gone one for conservatism. Now, with a vehicle like the 190 through which it believes it can tap a younger market, it has just launched on the Continent a high-performance, 16-valve version capable of 140 mph which, with its spoilers and air dams, is unashamedly pitched at the sporting car buyer.

#### Launch

It will be launched in the UK next year, and meanwhile Mercedes is moving closer to re-placing its middle range 200 and 230 series models, which are expected to be first shown towards

BMW has experienced much the same type of growth: its car sales were up 20 per cent last year and production reached 421,000, well over half of which —264,000—were exported. And like Mercedes, it has been hard up against the ceiling of its production cenacity

Ironically, the foundation stone for its new producing plant at Regensburg was laid just before the metalworkers' strike began. But when it comes on stream in 1986, it will increase BMW's capacity by 100 cars a day.

BMW has been perhaps most successful of all in terms of widening its market appeal without losing its image. In the UK, it is now the manufacturer So with both volume and with the biggest price spread, specialist manufacturers confrom the basic two-door 316 verging in terms of technical model at £7,260 to the 635Csi and engineering standards, such coupe at £25,000. The addition

Volvo, the larger of Sweden's two car producers—and also hit, like Saab, by the West German strike through the drying up of supplies of fuel injection equipment—had its best year ever last year: sales rose from 317,800 to a record 365,100.

Many of these were made of by the smaller 300 range of cars built by the Netherlandsbased Volvo BV, formerly DAF, in which the Dutch Government is the major shareholder.

But for the first time in almost 20 years it had en entirely new executive car contender, the controversially-styled 760, with its U.S. style, sharply-raked rear cabin. Never-theless the cars, pitched firmly into the heart of the executive car market—and in variants from diesel to 125 mph turbocharged petrol—have been a considerable success, not least in the U.S. where Volvo's total sales jumped last year to 88,860

from 72,375. Even the older 240 series cars, first launched in the mid-1960, have been refined and improved, and will continue in production. And it is the 240 almost as much as the newer car which is helping further to improve Volvo's image.

Safety, rather than motorport, is most strongly associated with Volvo—even though the company was prominent in rallying in the 1950s. But this year the hundreds of thousands of spectators attending European Touring Car championship events have been astounded to see turbocharged versions of the 240 on occasions leading the pack, ahead of Jaguar's and BMW's fastest coupes.

Volvo provides an example of how the smaller producers can compete in part of sharing it has a co-operation agreement cent stake.

ally, showed what co-operation can mean when, at the start of

common components.

The 9000 is the result of a collaboration deal signed with Lancia in 1979 and which, Saab company substantially on costs and allowed it to bring the model to market a year earlier than otherwise would have been possible.

The car takes Saab firmly up market: it is the fastest car it has ever produced, with a claimed maximum speed of 136 mph and powered by a 16-valve turbocharged engine fitted also to the "Aero" version of its existing 900 model which has also just gone on sale.

In line with Saab's thinking that survival lies strictly in the executive car sector, the 9000 is expected eventually to have anti-skid braking and the other fitments confined to the top of the executive car market, When it is launched in the UK next year, its price will also be the highest ever for a Saab—more highest ever for a Saab-more than £15,000.

cars it acquires.

Mr Barry Jordan, used car sales manager for Heron-drive, the leasing company which buys over 4,000 cars a

year, and who has 21 years experience in the business,

least-favoured colour in the

least-tavoured colour in the used car trade. "White only looks good when it is inamaculate," he says. "It goes dowdy if not kept well."

Dark blue is another colour

the trade tries to avoid. It

shows scratches.

Green is a difficult colour

because many customers are superstitious and believe that

green might bring them bad

paints can have the effect of pushing the residual value either up or down quite substantially.

The so-called "metallic"

Avoid white. It is the

gives the following advice:

In good condition they enhance the appearance of a anything from £50 to £200 to the value of a small or medium-sized car when it is being sold into the usedcar market. The wrong colour can cut £1,000 from the price the trade is willing to pay for a Rolls-Royce. That is food for thought for any company which really cares about the residual value of the new

wards to compensate.
The most popular colours in the trade are bright reds of all kinds. Beige comes a

many ex-fleet and company vehicles go into the used car market with high mileages on the clock. "But they will still sell if they are in good condition and are the right

mainly on borrowed money and facing today's high interest rates, the ability to sell a car quickly is an impertant consideration. If he thinks the vehicle will be standing for 10 days or so waiting for a repair to the interior the dealer will not buy—unless the price is lowered substantially from the normal going rate for the same car in reasonable

car market should offer some incentive to the employees

> in reasonable condition. only a very small minority of companies—even those with large fleets— have such schemes in operation.

annual business car survey, points out: "Employees with company cars may not have the same vested interest in their vehicles as those owned by employees themselves. But it is likely that the cars will have been better ser-viced over their fleet life.

The Alfa Romeo Alfetta Gold Cloverleaf has variable valve timing

#### Why the 'wrong' colour affects value THE RIGHT colour can add

car, make it more saleable and worth more. But when metallic paint is scratched it is difficult to "touch up." Dealers buying cars with metallic paint in poor condi-tion assume that a complete respray will be needed—and they adjust their bids down-

#### High mileage

Mr Jordan points out that

A car with its interior in a poor state is the most difficult to sell at a reasonable price. Dealers know from experience that, for example, re-placing some torn fabric can take time because they have to wait for the manufacturer to come up with the right material—it is not like order-ing a mechanical part which can usually be supplied within 24 hours at the most.

condition. All this suggests that companies which want to get the best price for their cars when they sell them into the used

who use them to keep them Yet the research shows that

Mr Michael Woodmansey, who compiles the British Institute of Management's

"However, company care are open to abuse by a minority of employees and it is therefore worthwhile to have a control system to minimise such behaviour.

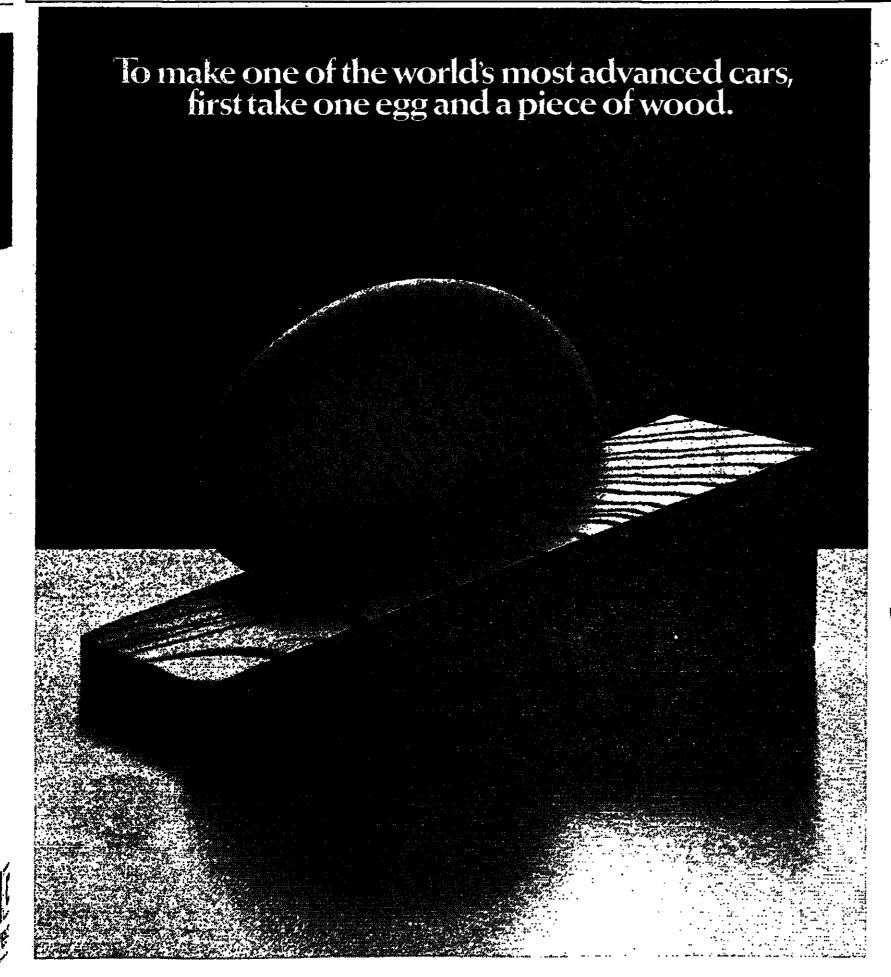
#### Check

"Each vehicle should be checked at least every three months by the fleet manager or his equivalent. This will usually involve a visual check for unreported damage, rust and general appearance. To be effective, some form of sanction should be available and invoked against the offending vehicle user."

Mr Woodmansey suggests sanctions could range from a quiet word in your car" to a formal report or audit on the vehicle being placed on

the employee's file. He says. however: "Removing a vehicle from an em-playee is rare and in some instances may result in a dilemma. What does an organisation do if its top sales representative, bringing thousands of pounds worth of business to the company, is also the worst offender respring our care 2.7 garding car care?

Kenneth Gooding



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and a familiated whostreen angled at precisely 30.5?

All of which helps give it a drag co-efficient of only 0.38.
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U.S. exchange rate shift provides much-needed boost

### Recession hits Rolls output

#### Luxury cars JOHN GRIFFITHS

ROLL-ROYCE, the best known of the now very small band of UK luxury car makers, has had a very tough time since the onset of recession—and in the UK it is still having one.

Sales in the first five months of this year were just 274, compared with 332 in the same period of 1983 and vastly removed from the 764 it sold, for example, in the first five

months of 1979.
Until this year, the pattern had been the same in the U.S., which rivals the UK in importance to Rolls, And overall, the Crewe-based company's output dropped from 3,018 in 1980 to

The company's directors had expected output to move up—to about 3.500.

The reasons behind the decline are complex, but appear to have their genesis around 1980. Rolls and Bentiey sales had held up well until then-Rolls believes that as a luxury car maker it is always among the last to go into recession and, equally, among the last to come

But gradually, as the unemployment lists lengthened and lay-offs mounted, it became increasingly unacceptable for a company chairman or other senior director to drive past the company board carrying the redundancy notices in a new

Rolls-Royce or Beutley.
It took some time, however, for buyers in general to appreciate that the good old days of being able to buy a Rolls, run it for a couple of years and then get virtually
what was paid for it, were over.
But once they did become
aware that Rolls-Royces were

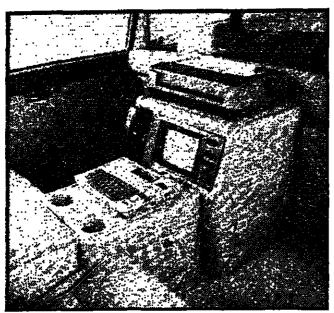
depreciating by anything up to the price of a new Jaguar in just 12 months, the slide began. The problems were com-pounded in the U.S. by souring interest rates, and the unexpected strength of sterling.

Sales plummeted there, too. Thankfully for Rolls, the exchange rate more recently has moved heavily in favour of UK exporters — sufficiently so for Rolls to lop up to \$18,000 off its models in the U.S. last year,

its models in the U.S. last year, with the result that, it says, it actually had a shortage of cars by the end of the year.

Peter Ward, Rolls-Royce's marketing director since February of last year, says the improvement in the U.S. should

But if Rolls-Royce is to meet the targets it has cautiously set for itself this year — 2,400 sales



'Office' in the rear compartment of the Daimler Executive Limousine is equipped with TV, video, computer and copier for facsimile transmission. Jaguar may sell these cars in the U.S. next year.

try to improve the picture. Cer-

tainly, the company does not have open to it the options of

significantly changing the model

mix in search of improvements.

likely to appear before the end

of the decade. And in the meantime, Rolls will continue

its policy of continually updat-ing and improving those that

It is also facing the future with yet further management

changes, after the wholesale reorganisation which took place

The changes included the departure of Mr George Lewis, the president of Rolls' U.S. operation for many years.

Now, Mr George Fenn, who

Rolls-Royce since its merger with Vickers since 1980, is to

retire early, aged 57.

He will be succeeded next month by Mr Dick Perry, 53, who spent nearly all his career with BL companies before joining Polls Perses in the date

ing Rolls - Royce in the late

1970s. He has been managing

director of the cars division

Life has been kittle less trau-matic for Aston Martin, the

been chief executive of

Any new, lighter car is un-

worldwide — then the situation in the UK has got to improve rapidly. So far, the sales figures are going in the opposite direction to the 15 per cent improve-ment that Mr Ward predicted

by the end of this year.

Clearly, depreciation trends
have been one of Rolls-Royces' biggest worries. To prop them up, the com-

pany took several actions last year which, it must be pre-sumed, are only slowly working their way through the marketone tactic was to promote

heavily used car sales, launched in April last year. A few months later, it was backed up by a scheme under which the buyer of a used Rolls-Royce or Bentley could buy, for £500-£600, a twoyear warranty on any car with less than 70,000 recorded miles.

Strengthened The residual value figures, as

Glass's Guide illustrates, have since strengthened somewhat but still the new car orders are

What does seem clear is that director of price—the "basic" Rolls-Royce since 1982. Silver Spirit costs £55,240 — is Life has h not necessarily the main determatic for Aston Martin, rent. The one model that Rolls-Newport Pagnell-based manu Royce is doing particularly well turer of 140 mph luxury sports with is the Bentley Mulsanne car and the Rolls-Royce-nivalling Turbo, at £62,000 — which has Lagonda (it also makes the 170 helped lift Bentley's share of mph Vantage, which vied — total Rolls-Royce output from until Ferrani launched its 180 7 per cent to over 20 per cent. mph, 400 bhp GTO at Geneva £45,000 it remains to be seen what in the spring — for the title of turboche other tactics Rolls-Royce might world's fastest production car). fighter.

owners—this time round, its North American distributor, Automotive Investments had bought 55 per cent of Aston Martin Lagonda—the actual car-

Earlier this year, Aston Martin acquired its tenth set of

making operation—in July of 1983 from Mr Victor Gauntlett's Pace Petroleum concern. It also acquired from CH Industrials, Aston's other joint owner, 50 per cent of Aston Martin Tickford, set up several years ago at Milton Keynes to develop con-

tract engineering work.
In February, CH sold its
45 per cent holding in Aston Martin Lagonda to Automotive Investments, while Attomotive Investments sold to CH the 50 per cent stake it had earlier picked up in Tickford.

The upshot of this labyrin-thine deal is that Automotive Investments now wholly owns Aston Martin Lagonda, which is now going its own way from Tickford.

During the early part of last year, while the manoeuvrings were going on, industrial rela-tions deteriorated somewhat and car production came to a virtual standstill following the departure of Mr Gauntlett.

However, since last summer, after selling his Pace Petroleum interest, Mr Gauntlett, a dyed-inthe-wool car enthusiast who races vintage cars, has been running the operation fulltime as chief executive. Production is back up to five cars a week, the best in recent

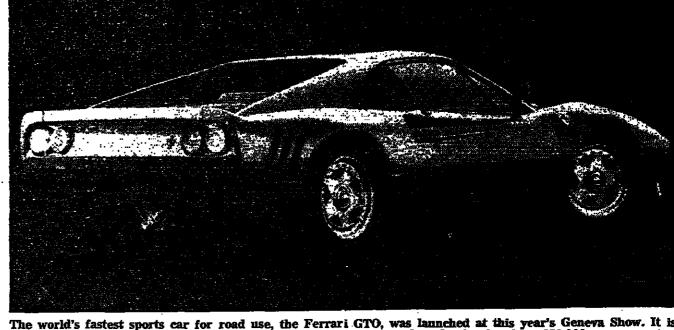
#### Resources

Perhaps most importantly, however, Automotive Investments is providing Aston Martin with the resources to develop a new car, which will be about one third less expensive than current models. which start at about £40,000.

Thus from 1986 onwards Aston Martin should be in a position to compete directly with the top end of the Porsche and Mercedes range—with considerable potential significance for expanding output, and per-haps employment. The car, says

Mr Gauntlett, will cost about 15m to bring into production.
Meanwhile, there continues in very limited production—only one a week—the only other than the other Martin. true rival to both Aston Martin and Rolls-Royce: the Bristol.
Bristol Cars, named for its past connections with the air-

craft business and produced a short distance from British short distance from British
Aerospace at Filton, has continued at the same production level for many years. Its large sporting saloons cost about \$45,000 and include a 140 mph with continue to pay a presentation for a product if its reputation for technical and engineering quality is high enough, in turn generating the funds for investment in continuing model development. turbocharged model, the Beau-



The world's fastest sports car for road use, the Ferrari GTO, was launched at this year's Geneva Show. It is capable of 185 mph-plus and is being sold in limited production for about £50,000.

### Higher demand brings upturn

#### Sports cars JOHN GRIFFITHS

WITH FEW exceptions, specialist car makers catering to the sports executive sector are enjoying an upturn in what has become well known as a volatile and cyclical part of motor industry business.

Porsche, the West German sports car maker, is also an exception—but for different reasons.

For a start, it does not fit readily into the fraternity of the truly small specialists, such as Lotus, Lamborghini, TVR and Maserati, whose output is measured in terms of hundreds each year.

In its financial year to last July 31 Porsche sold 44,800 cars. Yet, though it has a repu-tation to match those of its fellow West German executive car makers, Mercedes and BMW, it is only a tenth their

Not least, however, unlike virtually all the other small specialists, it has continued to make profits despite oil crises and at times it has appeared almost recession-proof.

It appears to provide the classic example of how buyers will continue to pay a premium

Thus with new car sales generally recovering, particularly in the important North American market which took 20,200 Porsches last year, sales have been bounding ahead. They were up 39 per cent last year, and are up a further 18 per cent in the current year. Even so, the metalworkers' strike apart, it has been a highly eventful year for the

#### Snapped up

Its owners, members of the family of the late founder, Dr Ferdinaud Porsche, in the spring decided to launch nonvoting preference shares on the West German stock market.
They were snapped up and
Porsche wound up with a net
DM 93m cash capital increase, making yet easier the funding grammes for the future. It has thing about production capacity, which is straining at the

At the same time, Porsche's plans to end its U.S. joint d'stribution agreement with Audi, and have "agents" sell-ing the cars on commission, has run into trouble. Some U.S. dealers filed legal actions. How the final arrangements will turn out is still unresolved.

None of this, however, has affected the underlying pro-gress Porsche has been making in further improving and ex-panding its three basic product lines, the 924 and 944, the rearengined 911 series and the largest 928 models.

Towards the end of last year, Porsche increased the power of its 150 mph-plus 911 models. The impetus for this, it seems,

was to continue to have a per-formance differential between the 911 and the new turbo-charged 944 car which Porsche is expected to launch later this

This year, it also launched the most expensive Porsche ever, which sells for about £50,000 in West Germany. How-ever, only 200 of the 911 C/RS will be built—the minimum number needed to allow the car to take part at the top levels of motor sport.

A four-wheel-drive Porsche is also reported to be on the way, while Car magazine which while Car magazine—which specialises in prying into manu-facturers' model plans — recently suggested that Porsche in the next few years plans to launch a "bargain basement" model—at £10,000 or less using some Volkswagen compo-

#### Reputation

In many ways, the reputation of the small UK manufacturer Lotus rivals that of Porsche; certainly in terms of engineering ingenuity.

But the last couple of years have been traumatic for the Norfolk-based company. Colin Chapman, its founder and one of the acknowledged engineer-ing geniuses of the post-war period, died of a heart attack nearly two years ago and the company has only recently shaken free of Inland Revenue probings into Mr Chapman's and Lotus's precise roles in the abortive De Lorean sports car

venture. Towards the end of 1982 Lotus was on the brink of financial disaster, its advisers desperately seeking some way injecting new finance into the company.

Rescue came in the form of the extrovert Mr David Wickins and his British Car Auctions group and Toyota, Japan's largest car maker, with which Letus had formed collaboration links a couple of years earlier. BCA is now Lotus' largest single shareholder, Mr Wickins is its chairman, and Toyota has a holding of 17 per cent.

Crucially, the rescue provided Lotus with a financial underpinning of £6.3bn. £6.3bn\_ "Now," says chief executive Mr Michael Kimberley, "we've got money in the bank and owe noone anything.'

The new-found confidence saw Lotus planning to re-enter the U.S. with a bang this year with sales of 350 cars through a new distribution network. But it did not reckon on the Inland Revenue slapping an £85m provisional tax assessment on the company at the end of 1983. Throughout the four months it was in force. Lotus protested consistently that it was merely a device through which the Revenue could pursue De Lorean investigations. It was indeed withdrawn

few weeks ago—but Lotus is bitter about the fact that it undermined the company's U.S. launch, with dealers refusing to sign up until the affair was resolved. Lotus should have had 40 U.S. dealers by the end of January; they are signing now, but there are still so far only 30 and Lotus is resign selling just 175 cars in the U.S. this year, despite the efforts of Mark Thatcher, the Prime Minister's son, hired by Lotus to promote sales there

However, Lotus is confident of lifting production this year from 440 cars to 860, and UK sales are up 36 per cent. It has also found the confidence to shake up its dealer network. It dropped 10 dealers last year, leaving it with just 19, and the network has only now been built back up to 25.

The dealer entire has gone its main output is the Rialtough its main output is the Rialtough its main output is the Rialtough.

The dealer action has gone hand-in-hand with a major drive on product quality—an issue about which Lotus has been sensitive to criticism. It has been replacing suppliers at the rate of five a month recently. "We are determined to get the right reliability image," says Mr Kimberley.

Changes in existing models are in the pipeline. At the UK motor show in October Lotus will present its own concept car, showing its ideas about the future.

Most important of all, Lotus is now just 20 months away from launch of the X100-a new two-plus-two Toyota-powered sports coupe which will sell for £9,500 and is inwill sell for £9,500 and is in-tended to be produced at the rate of 5,000 a year.

"It will be," says Mr Kim-berley, "the Lotus Elan of the

Two other sports cars from the small specialists are also expected to make a considerable splash at the show.

Panther, the Surrey-based maker of 1930s-appearance "sports" cars rescued from receivership by South Korean businessman Mr Young C. Kim nearly four years ago, will launch a totally modern sports coupe very much in the shape of Ferraris and Lamborghinis—though not quite possessing though not quite possessing their power, since Ford's XR3i and 2.8 litre V6 engines will be used.

aluminium - bodied will sell for under The wedge " £10,000. As with the existing Kallista models, its aluminium anels will be shipped in from

It could well mark the emer-gence of Panther as a serious specialist producer. In the past few months, it has opened a second factory, and lifted Kallista output from seven to 15 cars a week. The company

Reliant, builders of the Scimitar sports estate at Tamworth, Staffordshire—although its main output is the Rialto three-wheeler—is also to launch a new sports car at the show. It has been conceived as filling the market niche for open twoseater sports cars vacated by BL with the demise of the MGB, Triumph TR7 and Spitfire. These cars once accounted for

a 20,000-30,000 a year market in the UK alone, but were un-economical for volume car makers to build. Reliant believes its car, expected to sell at £7,500 or less, will find enough demand to make its production economic, despite the rise of the "sports hatchback" saloon, apparently replacing the traditional sports car.

#### Coupes

TVR, the Blackpool-based maker of open and closed sports coupes, launched its fastest car ever this year, a version of its Tasmin powered by the 3.5 litre V8 from the Rover Vitesse. It too is find. by the 3.5 litre V8 from the Rover Vitesse. It, too, is finding demand across the world outstripping its ability to supply. That ability is in any case small. Given current capacity and little more than 100 workers, it is having difficulty building 500 cars a year, but has firmly set its face against rapid expansion—in the uncomfortable awareness that in the past there has always been a downturn.

a downturn.

It has set its main sights on the U.S., where this year it has set up new distribution arrangecars, or 60 per cent of output.
Meanwhile Morgan, tha oldest of UK-based tional sports car sports car soldiers on, churning out its inevitable 500 units a year, no matter for how many years ahead the orders stretch. Its into larger production has stood it in good stead: this year, the company will celebrate its 75th anniversary.

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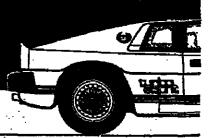
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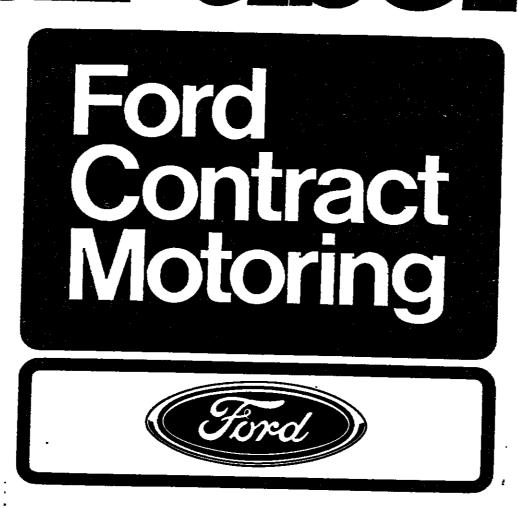
No FT~ no comment, no Lotus~ no kudos\*

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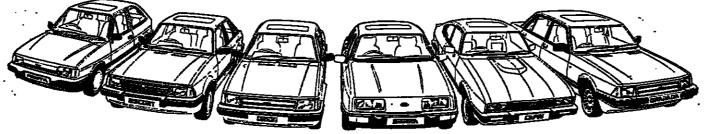
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### Wide range for business

THE RANGE of cars of appeal and muscular enough for a 120 real challenger to performance-to the business user has never mph maximum. Handling and orientated imports. been larger than now and one roadholding, really can say that there is no slippery roads, are quite exceptional. I look forward to the car; merely that some are better than others.

than others.
An old friend that has recently appeared in a new guise is the Alfa Romeo Alfetta. The Gold Cloverleaf has an interesting micropro-cessor controlled fuel injection and ignition system. Combined with a timing control that adjusts the inlet camshaft, it assures maximum torque and output at both ends of the

engine speed scale.
In town, you get very lively acceleration; on the motorway, good economy. The mock wood steering wheel jars with the 1984-style fascia and the gearshift needs knowing. A car of character, though, if mainly for

Alfa buffs.

Audi, the up-market end of VAG, is pushing hard—and successfully—for a place in

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the easiest way to improve your

which could be invested more

or model, pay for all servicing,

You pay for maintenance

disposal

management funds: Taking

especialy

The Audi 200 Turbo, which arried me at over 140 mph on the autobahn quite undramatically, can also be spectacularly economical in its manual version, given restraint. There is some tyre-induced road noise but little else to complain about.

#### Pleasing

BL's new Montego Vanden Plas and MG, two-litre engined and power steered, are worthy executive transport, the MG perhaps more so for the presson driver. Even the standard 1.6 Montego is a pleasing car, distinctive outside and roomy within with a very large book Audi, the up-market end of VAG, is pushing hard—and successfully—for a place in the business user market. Two Audis that particularly impressed (other than the 100 turbo-diesel described elsewhere in this survey) were the 80 Quattro and 200 Turbo.

The permanently all-wheel driven Quattro is a proper four-door, 4/5 seat saloon of slightly dated appearance with a five-cylinder engine, fuel injected to the date of the survey large boot. Into cramped supercars when the same sort of performance is available in a car you can sit up in and see out of trendies—to make too sharp a change of direction. The appeal of Jaguar cars has always been the Montego/Cavalier/Sierra class, Fiat has introduced the Regata saloon (a Strada derivative). The 100 Super felt happy on the autostrada at a slightly dilicit 100-mph plus. Ford's or professional men who drive Jaguars probably have the skill or the inclination to exploit

Providing a car of modest

size is preferred, the BMW 3-series four-door saloons with engines ranging from a 1.8 litre four-cylinder to a 2.3 litre inline six, all fuel-injected, have everything in their favour.

A 1.8i, well laden, and high enough geared to need fourth now and again on inclines, rushed me up a rain-drenched autoroute from Nice to Saulieu just before Christmas, putting miles into each hour with

Just available in Britain are two new BMW Alpina models. The CI, based on the 323i, and the B9, a modified 5-series, have up-rated suspensions and ultra-low-profile tyres to cope with extra performance but are comfortable as well as quick. So quick, in fact, that one wonders why people crush themselves into cramped supercars when the same sort of performance is available in a car you can sit up in and see out of properly.

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accepts less performance for their superlative handling to the sake of a better ride, less noise and four doors. their superlative handling to the full. But they are well aware that the almost total suppres-

Jaguar's XJs have been around so long that one should not continue to be astounded by the quality of the ride, which is excelled by none and approached by few. The straight-sixes get a bit thrashy if worked hard in the manual gears but most Jaguar drivers prefer automatics anyway.

#### Slimmer

The new XK-40, not due until 1985, will have the single over-head camshift engine now used only in the XJS-3.6. It is not quite as silken as the V12 but better than the old twin-cam sizes, as it should be. With a new four-speed automatic and a slimmer though not radically-changed body, it should take Jaguar to the turn of the cen-

tury.

It is to be hoped that Jaguar has resisted the temptation—and the urging of certain trendies—to make too sharp a change of direction. The appeal of Jaguar cars has always been based on their looking like a traditional hand-made British car of quality while being sold at a fraction of the price.

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eliminates travel fatigue. The aroma of hide, the glint of wood veneer, the Bond Street-cum-St James's ambience of the interior; these are vital ingredients of the Jaguar's sheer mystique.

There are many fast and There are many fast and luxurious cars with plastic interiors reflecting the latest thoughts of top stylists. But there is only one Jaguar. It is as British as Buckingham Palace and it is this as much as the sheer performance that appeals to home and overseas buyers. buvers.

The Mercedes 190 is not as similar to the BMW 3-series four-door as was expected. Despite its small size (by Mercedes standards) it feels tradi-tionally solid and enduring. The 190E has a useful per-formance advantage over the 190 with a carburetter engine but a BMW 323 will see it off on an autobahn. Few cars are more driver-friendly, though, than the 190, with its inspired rear suspension. The 190 diesel with an engangulated engine is with an encapsulated engine is eagerly awaited.

The 380 and 500 Mercedes saloons still set the standard against which other volumeproduced top executive cars are judged. Tyre rumble from coarsely textured road surfaces is not as well isolated from the interior as it might be and I find the seats a mite hard. But they personify efficiency and engineering integrity and deserve their high status.

The Opel Monza with its electronic instrumentation, 3-litre straight-six, power steering and German quality interior, comes close to the BMW 6-series coupes in driver appeal if not, perhaps, in status. A nicely balanced car, this, as is the Senator

The Peugeot 505GTI combines traditional bourgeois comfort and respectability with a good deal more pep than one ex-pected. As always, the ride is at the top of its price class and Pengeot understands tuning seats to match suspension rates.

A Peugeot 505 is always enjoyable to drive, even if it is a lesser model than the fuel-injected GTI, because it is so undemanding. They are not enthusiasts' cars, merely fast, untiring transport for drivers to

Above: Renault's new 25 model and (below) the new Mercedes-Benz 190

enough for the radio to be enjoyed at motorway speeds and has truly comfortable seats, then anything else is a bonus. The older 504 was this sort of car. It was a magic carpet on the road, but did not take kindly to driving styles best reserved for test circuits.

Porsche's quality is unsur-passed. The 928 was scoffed at by dyed-in-the-wool Porsche buffs for whom the only true Porsche had an air-cooled, horizontally-opposed engine at the rear. It was, they said, more of a limousine than a sports

They are entitled to their view They are entitled to their view but I do not share it. The 928 may not have that animal quality that can be so appealing in the 911 but it is one of the few sporting cars ideally suited to long distance, very high speed business travel.

The 928S Series 2 I drove recently had the four-speed automatic transmission— much nicer than the five-speed manual

to travel. For the kind of too large and too staid though driver, in fact, who reckons that otherwise suitable. if a car is reliable, is quiet Renault's new 25 is due here

Renault's new 25 is due here in the near future. Trying a 22 litre version in France some —is to be seen everywhere in months ago, I found it was the quietness of engine and lack of wind noise that impressed most. A good ambience, really, for the sensational six-speaker stereo with controls only a fingertip away from the wheel. I'm not sure about the rear end: a guest mix of a glass hatch curious mix of a glass hatch with a sill as high as a saloon

#### Responsive

Rover now offers the Vitesse with automatic transmission. Performance is hardly affected; it is pleasanter car in town than the manual. But why do I always feel a little claustro-phobic in a Rover? The handling is excellent and the ultra-low-profile tyres make the Vitesse feel even more res-ponsive to small movements of

the steering wheel. Saab's Turbo 16 and the 16S with some nice-looking and evidently effective aerodynamic

that they are almost one-gear cars on the open road.

ASOAFLE

—is to be seen everywhere in the Saab range of cars. Their looks are not classically beautiful and fashion plays little part in their shaping.

To wring more and more

To wring more and more power from a no longer young four-cylinder, two-litre engine while improving its flexibility, economy and tolerance of lower grade fuel has become almost a continuing miracle for Saab. After the 16-valve cylinder head, with anti-detonation ignition control and effective cooling of control and effective cooling of the air after compression, what can Saab do to improve the two-litre further? No doubt it will

show us in time.
Volvo, too, has taken to turbo-charging. The 760, with a turbo version of the 2.3 litre four-cylinder engine, is so quick and flexible it almost makes the V6 feel redundant. For the executive who cannot prise a 3-series BMW out of the firm, a Volvo 360GLE injection four-door saloon would be adequate. The ride is firm in the German is an ideal car for the customer which suffer so little from turbo does what it is a lusty car that who might find a Mercedes 500 lag, and develop so much torque,

Ford's entry to the market will add to startling growth

### UK diesel share builds up

is very small. In 1982, total was so lacking in power that car penetrations registrations were 14,530. Last it made all the horror stories This appare year, they rose by 69 per cent to reach 24,600 registrations, or 1.37 per cent of the market. This year, not least because of ford's entry into the arena with a 1.6 litre diesel engine of its own manufacture, registra-tions are confidently expected to exceed 50,000 to take well over two per cent of the

That will still be small compared with Europe, but it illustrates a starting growth. How-ever, the question has to be asked: why are fewer diesel cars bought in the UK than in any other country or the EEC? The reasons are complicated. In the first place, fleet buyers tend to favour British (or at least British sounding) makes of car and, until recently, a diesel car was by definition an

import. Ford dipped a toe in

told of diesel cars seem true.

More recently, Ford bought-in 2.3 litre and 2.5 litre and Granada which perform extremely well. With the introduction of an in-house 1.6 litre diesel for the Fiesta and Escort-based bodels, every Ford car except the Capri is available with a diesel option.

Vauxhall, with its own 1.6 litre diesel, was in the game

with the Astra and Cavaller more than two years ago. BL has been offering a version of the SD-1 executive saloon with an Italian FM 2.4 litre turbodiesel engine and plans to offer a diesel Montego in the fairly near future. So the fleet buyer now has a

reasonable variety of British diesel cars to choose from though only two of them—Ford Granada 2.5 and Rover 2.4td are in the executive class, and even these "British" cars are really Franco-German and Anglo-Italian But never mind —they are perceived as British, and that is what counts,

#### Variety

There is, of course, large and growing variety of diesel cars from EEC countries, and increasingly from Japan, increasingly from Japan, though few fleet buyers will countenance a Japanese vehicle for company policy reasons. These imports run the whole gamut from Supereconomy hatchbacks (Peugeot 205 and VW Golf diesels) to super-luxury cars suited to the tastes and status of higher

Typical of these are the Volvo 760, Citroen CX25 DTR and Audi 100 turbo-diesels. Whereas the baby diesel hatchbacks will yield 55-60 mpg fuel consumptions at normal motoring speeds, the big turbo-diesel: offer close to normal senior executive car performance combined with the fuel economy of a small family saloon.

The diesel car's economy is most apparent in stop-start con-ditions and least evident during sustained very high speed driving on motorways. Urban cycle figures are typically 50 per cent better than those of their petrol equivalents, the margin often shrinking to a 10-15 per cent advantage at 75 mph or higher.

The lower price of diesel fuel helps but is not the critical factor in popularity. In Britain Derv (gasoil) is about 10p to 15p per gallon cheaper than 4-star, according to area, which is about the same price differential as in Germany.

apparent

paradox

This contains a clue to the diesel's low market share in Britain. The high mileage Peugeot diesels for the Sierra driver who, it would appear, and Granada which perform pays for the fuel There is a much lower proportion of company cars in Germany and other mainland European countries. An employee using his car on company business gets mileage payment. And he stands to come out of the deal better with a diesel car than a

petrol-engined model. Because of the relative lack of diesel cars, few British drivers have any idea how a really modern one performs. Conventional wisdom still has it that diesels are smelly, noisy and sluggish and brutes to start from cold. None of this is true nowadays.

The typical car diesel,

whether purpose designed or a dieselised petrol engine, starts on the key after a few seconds wait for the pre-heat system to operate. After a fairly noisy first minute or two while it warms up, it idles with a mutter, not a clatter, and at normal speeds runs as smoothly and quietly as a petrol engine. Turbo-diesels especially are almost as responsive as petrol engines yet are capable of economy that may still surprise an experienced diesel car user.

For example, I drove an Audi 200 Turbo petrol-engined car to Geneva and back, cruising close to the 81 mph limit on the autoroute and returning 30 mpg. On a return journey to Vienna, a basically similar Audi 100 turbodiesel gave me 39.4 mpg although full advantage was taken of the derestricted autobahn to cruise at 90-95 mph for

BY THE standards of most the water first with a diesel Germany, which is also the land long periods. The diesel needed other European countries, the Granada, powered by an aged of the unlimited autobahn, has fewer refuelling stops. On the British market in diesel cars Peugeot 2.1 litre engine that one of Europe's highest diesel last leg, it ran from Bonn to is very small. In 1982, total was so lacking in power that car penetrations.

more than half a tankful.

The most conspicuously successful dieselisation programme by a large fleet operator has been that of Scottish and Newcastle Breweries whose director of physical distribution, Ray Stark, persuaded his management of the wisdom of going diesel more than four years ago, From company chairman down to junior rep., the company cars they drive home have one thing in common—a diesel under the

#### Convinced

Ray Stark is more convinced than ever that his initial calcu-lation that dieselising his fleet would save shareholders £500,000 a year will be realised. Savings are being made on fuel, lower maintenance require ments and greater retained

value. Employees of S&N have found that their diesel cars of various makes are no less agreeable than the petrol-engined cars they formerly drove. When used for private purposes, they are gratified by the economy which slashes leisure-time fuel

There is now a definite trend by company fleet managers to consider diesel as an option. As fuel costs gradually climb, and higher sales volumes lead to a reduction in the price difference between a petrol and diesel car of equal specification, the eco-nomic attraction of a diesel car must grow. And the employee who is allocated a diesel car to replace a petrol-engined model will find he has nothing to lose except his prejudices.



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JAGUAR SHOWROOMS ARE JUST

The Jaguar range of motor cars is renowned

throughout the world for its unique combination of effortless performance and luxurious comfort.

FOLLETT JAGUAR

Garel Rhys, a motor industry economist, examines the company's prospects in a tough market

### Jaguar: the right size to compete?

WHEN IT is read that the ontinum size for a ear company is one producing 2m units a year, it appears foolhardy to argue that one like Jaguar, producing 20,000 cars a year, could company. However, Jacuar is already a largely self-contained operating unit, and this is recognised by the company being a distinct legal entity within BL Limited.

More than this, Jaguar operates in the luxury car sector of the market and makes no of the market and makes ho presentions to competing in the mass market, where large wolume is a pre-requisite for survival. Therefore, conventional wisdom concerning the scale of operations required for least cost, competitive and profitable operation might not apply where an assessment of aguar's viability is concerned.

If a company operates in a strongly differentiated niche in the market it can have considerable control over price. Jaguar, by selling to the luxury market, operates in such a distinctive market niche. This market is above the top end of the large say, above £14,000 per car—but is below the exclusive super luxury and exotic sports car sectors where cars cost over £40,000.

Therefore, unlike the mass market and the large volume executive car market where a large number of sellers generate intense competition, Jaguar is faced with only a small number of, albeit stiff, competitors. In short, although some cross-elasticity of demand exists between the luxury market and the very top of the executive market (that is, the market for the most expensive versions of a particular executive car bodyshell, such as the Ford Granada, Volvo 746, Rover V8 and so on), the main competitors faced by Jaguar are:

Model Output Benz BMW "S" series 100,000 6/7 series 30,000

To these mucht be added and Maserati, but com-such as Rolls-Royce, Martin Lagonda and Ferrari are

Consideration of

Although the basic competi tive environment facing Jaguar is as depicted, the state of flux in the car market will always generate new circumstances.
Already the last 12 months have seen increased overlap between be viable as an independent the top end of the executive car range and the baseline Jaguar model. This was as a suit of the volume producers introducing more luxuatious ver-sions of new or existing models, and of Jaguar holding almost constant, since mid-1982, the price of its cheapest car.

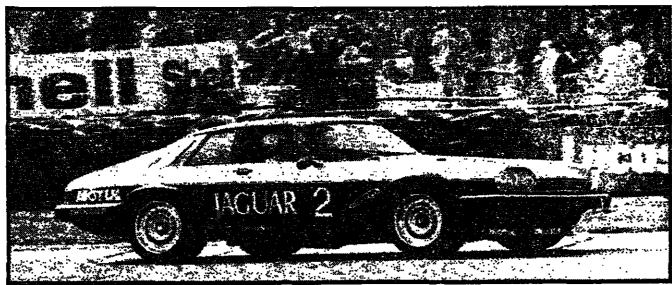
In addition, freed from interdesigned to avoid direct competition between Rover and Jaguar, the latter will be able to price its products and posi-tion them in the market solely in its own best interests. It would be surprising if this free dom was not reflected in the baseline XJ40 being positioned slightly further into the executive sector, with a "quality-adjusted" price set to interest those customers prepared to spend over £12,500 on an executive care.

Clearly this will increase the competition between Jaguar and the volume-made executive cars but it will significantly increase the market available to the XJ40 and may obviate the need for a "small" executive class

#### Single shift

Jaguar's present capacity of about 32,000 vehicles a year (anything much higher would threaten quality control) is based on a single-shift opera-tion. Clearly a second shift would about double this. In addition, the present Mark III saloon is the product of a 20-year-old design and tech-nological philisophy. The new NIAO saloon due to process in XJ40 saloon due to appear in 1985 will reflect modern design production methods and only have about two-thirds present buma ed in man-hours.

This should increase single-shift capacity to about 43,000 units a year, with a second shift having obvious implications for aggregate volume. In other words, the new model reduces both ble costs and spreads fixed costs over a larger volume. In terms of man-hours the XJ40 brings Jaguar's productivity into line with that at Mercedes



Jaguar's return to racing in the 1984 touring car championships is aimed at promoting sales in Continental Europe, the company's main target.

duced per worker.

The increase in productivity available to Jaguar should exceed any price reduction needed to increase volume, thereby increasing value added per man, Indeed, if the XJ40 proves to be that good, the surge in demand will be such that the market will bear extra volume at current real prices. In addition, and unlike BMW and Mercedes, Jaguar makes only luxury cars.

The two West German companies also make cheaper executive cars, and, in the case Mercedes, vehicles as well. This reduces value added per worker both because their model mix is different to Jaguar's and in that their cheaper or commercial models (including diesel cars which are often used as taxis) affects company image in some markets. This limits the ability of BMW and Mercedes Benz to charge very high premiums on their luxury models in their large home market.

If the XJ40 is successful then Jaguar's luxury-oriented image will be boosted further. Hence, Jaguar's average added value per employee could exceed that in Daimler Benz by £6,000. Furthermore, and because the UK is now a relatively low wage economy, the average wage per

is considerably lower than in on present volumes. (This com-the West German industry. on pares with a loss of £35m in If a UK and a West German 1980, and £19m in 1979.) company have comparable productivity levels, then the UK company could have a considerable labour cost advantage. This could amount to £5,000 an annual investment pro-gramme of at least the £100m per man. Indeed, net of wages per worker, the value added per man in Jaguar could be needed for survival. This would double that of Daimler Benz.
Consequently, and where
profits are concerned, the profit
margin realised per car by

any advantage in unit costs Mercedes may enjoy from its larger scale. Given the prices of its products and given the type of profit margin used by a car maker, Jaguar's profit margin should exceed £1,000 per car. This would be consistent with the company's aim of earning at least 10 per cent on net sales of £400m. Looking at pricing strategy, it appears that the

Jaguar could more than offset

company takes Mercedes as market leader, and follows their pricing policy. However, compared with Mercedes, Jaguar's wages per car must be considerably lower compared with (perhaps by as much as £750). This gives a gross margin per car (le a 10 per cent net profit margin within the sale price, plus a unit cost advantage compared with the price leader) of

the executive market with a second new saloon, break-even would increase considerably If such a profit margin could perhaps to the detriment of be maintained on the higher planned volumes, this plus depreciation provision could provide the funds needed for gross profits.

Jaguar, like its arch rivals BMW and Mercedes, requires five years to develop a new model. If the range was extended to two saloons plus a sports car (perhaps code-named XJ80), and if Jaguar was able

work on only one model at time, each model might

Given the existence of competitors and the fickleness

Jaguar intends increasing its

engineering-based research and

This, and other developments,

could allow model programmes

to overlap, and allow each model to change bodyshells

every ten years or so. The new AJ6 engine (a £30m investment

utilising some existing tooling), the XJ40 (a £65m investment),

consumer preference, it

require a 15-year lifespan.

finance the type of investment in plants, models, power train, research and development re quired for viability. Equity Further, it must be remembered that as the funds invested by the state in BL's rescue were advanced in the form of equity, and as Jaguar was highly profitable in 1962.

the company's balance sheet is virtually debt-free. Consebe minimal, to the benefit of profitability. (However, caution is required here, for the BL board might insist on Jaguar being allocated some of the corporation-wide debt.) At present the company

breaks even on a volume of 20,000 a year, or two-thirds of capacity. If a different pricing strategy was needed to clear the market of about 65,000 Jaguars, then the break-even volume would rise, but perhaps and BMW. This will result in employee (at present exchange almost £2,000, or a gross pre-more than five cars being pro-rates) in the UK motor industry tax profit of over £60m per year However, if Jaguar re-entered

power train area. For instance, engine manufacturing volume can match that of BMW and Mercedes Benz where their large petrol engines are concerned (although some of the German companies' tooling is common to various engines), while Jaguar secures external buying-in transmissions.

Therefore, strong product differential puts Jaguar into a separate, but related, "industry" to that making supermini, ligh medium medium and executive cars in large volumes. In some respects, say, in final assembly, respects, say, in final assembly, optimum conditions in this "industry" might be quite different to those in the mass production "industry." Even so, Jaguar is smaller than many of its rivals and suffers a unit aget disconnection of a result. cost disadvantage as a result.

On the other hand, this is offset by lower prices for factor inputs, and an ability to charge a larger price premium per unit because of a more luxurious model mix. The market's demand for variety means that companies operating below optimum scale can charge a price premium sufficient to cover costs and to generate a high net profit. So, strong product differentiation, high productivity, Mercedes Benz's price leadership, and low factor input prices, allows Jaguar, where profits are concerned, to more than offset any scale disadvantage.

Under these conditions and a favourable dollar-sterling rate (say, below \$2 to \$2.20 to the pound) Jaguar is viable. That is: the company is profitable would be a gamble to expect each model to retain its com-petitiveness for 15 years. (The present XJ6 illustrates that enough to finance a rolling product, research and development programme. However, the product is not sufficiently such a product life cycle is possible, but, nevertheless, such a policy is high risk.) Hence, increase relatively to those in-curred by rival companies; and if BMW and Mercedes engage in severe price competition, then development expenditures to 4 Jaguar would not be viable per cent of net sales, or £16m a notwithstanding any ability to earn short-term profits.

In addition, it may be difficult for a company with Jaguar's scale of output to establish a strong network of sole franchise dealers. This could weaken Jaguar's marketing efforts.

It is clear that Jaguar could the buying in of transmission enjoy a prosperous future, but items, and the refurbishment of as a small company even in its the Castle Bromwich body plant, specialised market it is inevit-has put the company on a ably exposed to many risks. It Commons Select Committee on secure basis.

It Commons Select Committee on is salutary to remember that Trade and Industry.

This is especially so in the in 1966 Jaguar agreed to merge with the British Motor Corpora-tion to form the short-lived British Motor Holdings, partly because it had insufficient managerial and executive talent to secure its future, but mainly because its output volume and gross value added were insufficient to generate the resources needed to complete the financing of its much-needed new model programme before the totally uncompetitive.

#### Umbrella

The present company ought to be able to avoid these problems, but if any of Jaguar's future model programmes should fail in the market-place then the company's future would immediately be put at risk. Consequently, despite the present euphoria, Jaguar might eventually need the financial umbrella of a larger company. If this kirge company was a car maker it would obtain a marque name that spread its activities into the luxury car sector.

After all, although the mass producers may make a full range of cars, they find it diffi-cult to extend the acceptability of a marque from the supermini to the executive sectors, let alone the luxury market. Hence, Jaguar could give a mass pro-ducer the products, cachet and marque needed for customer acceptance at the top of the market. This suggests that despite the medium-term protection given by the Government to ensure that Jaguar remains attractiveness to another car maker would be of longer endurance.

Whatever the arrangement, the solution should involve leaving Jaguar as a freestanding subsidiary. Without such a degree of autonomy, the lack of managerial and workforce motivation and morale, so evident in the period 1975-81 would re-emerge. Interestingly, Jaguar's position within BL, but with the addition of guarantees that Jaguar's earnings would not be used to cross-subsidise other activities, could have duplicated this state of affairs.

Garel Rhys, of University College, Cardiff's Department of Economics, is adviser on the

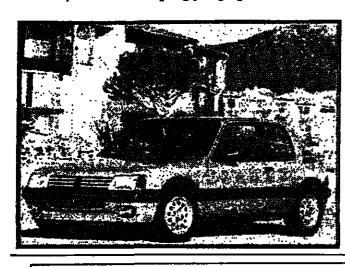


Lorne Barling examines one of the fastest-growing sectors of the market

### Lift-off for the pocket rockets



The Renault 11 Turbo and (below) Peugeot's 205 GTi, cars with temptingly high performance



HATCHBACKS" "pocket rockets" are steadily edging their way ento the executive car market, the Gold GTi having established a place for itself in the branch and the statement of the statemen itself in the late 1970s as a car which the young executive could happily be seen driving.

Around 70,000 cars in this class were sold in Britain last year, and it is recognised to be one of the fastest-growing sectors of the car market, with some manufacturers hoping to see overall British sales approach 100,000 this year.

The Golf GTi, having made the initial breakthrough, is widely recognised to be one of the best cars in this class, having recently been restyled and enlarged, doubtless with the comfort of the young business-man and his family in mind. However, the Golf is also at

the top of the price range, selling at a little under £8,000. It has a temptingly high top speed of 118 mph, and will go through 0 to 60 mph accelera-tion in 8.7 secs. The latest model adds a number of refinements to this good perforrefinements to this good perfor— The recently introduced mance, notably an improved interior and a reduction in some very favourable comment

There are a number of formance which is very close theories about why this type of to the Golf GTl, but at what car should suddenly be so appears to be a bargain price popular, and the most convince of about £6,300.

#### Performance

Moreover, the Golf GTi and similar cars offer the owner the advantages of a reasonably-sized family car which does not have to be sold the moment marriage

They offer good performance at relatively low purchase and running costs. There are also a number of unusual factors about this sector of the market the most notable being that the arrival of new cars—such as the Peugeot 205 GTi—tends not to be at the expense of sales of other small, fast cars, but other sectors of the market.

Moreover, sales of these cars are generally increasing as a proportion of their overall model range. For example, a total of about 6,150 Golf GTis were sold in the UK in 1983. representing about 24 per cent of all Golfs imported into the of UK. The

in the press, since it offers per-formance which is very close

able. Eventually, it is expected to account for at least 15 per cent of 205 sales.

Talbot believes that the average buyer of this type of car will be in the 25-to-35-year age range and have considerable buying power through a middle executive or professional job. "People like that want the fun of a car with good performance, but without the problems and discomfort which are often associated with sports cars," a Talbot spokeman said.

He added that the develop-ment of the Pengeot 205 was closely associated with rallying, and that Pengeot was fully aware of the need for the car to have a high specification if it was to compete in this sector of the market. Austin Rover is increasingly

well represented here, with the recently-introduced MG Maesiro and the MG Metro, with widening acceptance by customers that the MG marque is not being sulfied by being attached to these cars.

The MG Maestro is certainly potential for this type of car more of a family car than many in the fleet market, since there of its competitors, due to its is increasing evidence that

Maestros were sold in the UK, which was somewhat above expectations, and Austin Rover as been "pleasantly sumprised" at the mumber of MG Metros being sold.

A spokesman said that this market sector was one which had traditionally been dominated by imported performance named by imported periodinance cars, such as the Renault Gordini and the Golf GTI, but had remained relatively small in terms of numbers of cars sold. Austin Rover had, however, recognised ahe potential for whiten our cales and many for volume car sales, and gone ahead with the use of the MG

ahead with the use of the MG badge.
In addition, the company believes that it has a hig advantage in being a domestic manufacturer. "You will always find that the home producer has the competitive edge if all other aspects of a vehicle are equal, because insurance and parts costs are lower, where is a bigger dealer network and there is loyalty to domestic pro-ducts," a spokesman said.

Austin Rover also

longer term, it is important for Austin Rover cars to be dis-tinctive, particularly in the eyes of continental buyers, who, it is hoped, will again begin to see the cars as particularly British and attractive for that

Ford also has two major con-tenders with the Escort XR3, the biggest-selling car of this type, with more than 25,000 being registered in the UK in 1983, and the recently-intro-duced Fiesta XR2.

#### Potential

In 1983, XR3 sales represented 14 per cent of the total model sales, but this is now increasing and is expected to increasing and is expected to rise to as much as 30 per cent eventually, giving an idea of the potential foreseen by Ford. Performance of the KR3i is broadly similar to its competitors, with a price tag of just under £7,000, while the KR2 is likely to be fighting it out with the MG Metro and other smaller contenders.

Vauxhall's entry into the fray with the Astra GTE has also been successful, with sales now

or ing is that it is really a adily substitute for the sports car, to be sold in rapidly increasing which is no longer available numbers, although Talbot points out that, having been on the for market for only six weeks, no meaningful figures are available or interior size, although with a middle executives are prepared to come down from a two-libre of total Astra sales, compared on the engined car to a "hot" 1.6 or with about 5 per cent last year.

9.6 seconds, it is no laggard.

1 Last year, about 6,000 MG image they offer.

1 Maestros were sold in the UK,

1 Maestros were sold in the UK,

1 Maestros were sold in the UK,

At the beginning of this month, Flat also joined in the fray in the UK with the firstever launch in the country of a model bearing the name of Abarth, long associated else-where in the world with high-performance Flat cars.

performance Fiar cars.

The Strada Abarth 130TC is a two-litre variant of Fiar's small hatchback which went on sale in Italy last year. With an engine rating of 130 bhp—15 bhp more than any of its immediate rivals—it should be able to lay claims to being the fastest of all the small hatchbacks. This is reflected in its UK price which, at £7,800, rivals that of the Golf Gti.

Its on-paper ascendency may

Its on-paper ascendency may not last long, however. Later this year Volkswagen is due to launch a 16-valve version of its own Gii with similar power output to the Abarth but in a little however.

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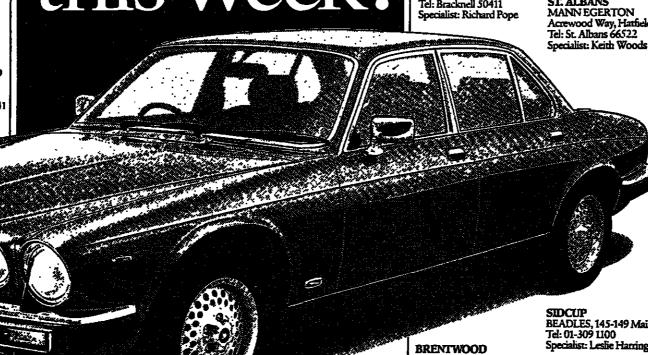
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Specialist: David Aldridge Initially, equipment available on the market had to be

least one area in the UK.

Improvements to radio systems are making them an usefulness will be greatly extended by cellular radio.

### Radio advances reaching the production line

executive cars are not the ideal environment for radio and cassette systems. The and cassette systems. And audio system has to contend with the noise from the engine, tyres, road and wind. Most of the systems in cars today are combined radio and cassette units. Top ranges of these machines tend to have up to five pre-set channels and liquid crystal displays which show the frequency of the selected channel. Models are often able to search for programmes. Electronics companies such

Rectronics companies such as Renix in France are working towards voice control of radio station tuning. Researchers in France discovered that many accidents are caused while drivers are trying to re-tune their radios.

Voice control would be a very effective way of elimivery effective way of climinating a major hazard but development engineers still have problems with this because of the different results. because of the difficulty of making electronic circuitry which can reliably identify a voice above the background

Motorist information services are now well estabdished in Europe but not in the UK. The German-deve-loped ARI system, which gives up-to-date advice to motorists such as details of traffic jams, read works and accidents in the area, is now

retuned by hand every time the vehicle moved from one radio station to another. reminded the driver that it was time to retune. However, several models are new available which automatically retune to the new station. It is currently on trial in at

Voice communications, on the other hand, are likely to improve next year with the introduction of cellular radio

for car telephones. This is intended to overcome the present shortcoming of in-car telephones which have been

telephones which have been restricted as regards coverage of the country coupled with long waiting lists.
Cellular radio, which provides communications between vehicles and the public telephone network, is a concentral process. concept already in operation in the U.S. and Scandinavia. In essence a car telephone operates in a area covered by one transmitter at a certain frequency. As the vehicle moves out of this area, a computer control system auto-matically changes frequency so that the radio telephone can operate in an adjacent area which is on a different frequency. This happens with-out a break in communica-

#### Efficient

In this way, a car telephone can still communicate over the whole of the country. It is an efficient method too since it allows the same radio fre-quency to be re-used over a number of areas or cells.

1 20 companies have been given licences by the Govern-ment to operate the cellular radio service in the UK. These are Telecom Securicor Cellular Radio and Racal Milicem. Equipment will be provided by other small companies in

British researchers are also considering the possibility of linking cellular radio by satellite. So far only Canada is thinking about going ahead with a satellite system.

The satellite system could be in operation later in this decade if the Government decides to give its approval for a national service. Again, it will give more channels to alleviate the crowded conven-

Elaine Williams

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